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ASX ANNOUNCEMENT

ARAFURA LAUNCHES A$20 MILLION FULLY UNDERWRITTEN PLACEMENT AND A$7 MILLION SPP

24/07/2024

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- **Fully underwritten two-tranche Placement to raise A$20 million from sophisticated and institutional investors**
- **Share Purchase Plan targeting to raise up to an additional A$7 million (with the ability to accept oversubscriptions up to a further A$3 million)**
- **Substantial progress has been made on the financing of the Nolans Project, with credit approvals for the debt led funding strategy completed on 23 July 2024**
- **The Capital Raising is expected to support advancement of the Company's funding initiatives and provides a sufficient cash runway through to mid-2025 to allow the Company to focus on finalising its strategic equity funding and offtake initiatives required for FID**
- **Funds raised will also be utilised for activities necessary to support critical path activities, compliance and progressing improvement ideas that reduce capital, schedule and risk (and for general working capital purposes)**
- **Nolans is shovel ready and the Company will commence construction activities immediately upon reaching FID**

Arafura Rare Earths Limited (**ASX: ARU**) ("**Arafura**" or the "**Company**") is pleased to announce that it has today commenced a capital raising process ("**Capital Raising**") targeting to raise A$20 – A$27 million to continue advancing towards development of the Nolans Project.

The Capital Raising will comprise a fully underwritten placement (across two tranches) of new fully paid ordinary shares ("**New Shares**") to sophisticated and institutional investors to raise A$20 million (before costs) ("**Placement**"), along with an offer to eligible existing Arafura shareholders to participate in a share purchase plan to raise an additional A$7 million (with the ability to accept oversubscriptions of up to a further A$3 million) ("**SPP**"). The SPP is not underwritten.

Commenting on the raising, Arafura Managing Director Darryl Cuzzubbo said: "*The two-tranche placement demonstrates the strong support for Arafura and the Nolans project underpinned by the updated robust project economics that were released earlier this week. Coupled with the SPP, this capital raising will provide us with the additional financial runway to work towards securing the equity capital required to fully fund the Nolans Project.*"

Proceeds from the Placement are intended to be used for activities in relation to the Nolans Project as set out in the table below (noting that once FID is achieved, funding shown in the table may be re-allocated towards Nolans' Project execution). The Capital Raising, coupled with a significant reduction in the project spend rate, provides the Company with a cash runway to allow the Company to focus on finalising its strategic equity funding and offtake initiatives required for FID. The Company remains focused on the completion of the equity component of the funding requirements for Nolans (and offtake activities) by the end of 2024.

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Sources and uses of funds raised from the Placement

Sources of funds	A$m
(+) Gross proceeds from the Placement	20
(+) Cash and cash equivalents (as at 30 June 2024, unaudited)	42
Total Sources of Funds	**62**
Uses of funds	**A$m**
(+) IPMT[1] (including KBR) costs, detailed engineering (including work to be carried out by Hatch) and ECI works	15
(+) Site overheads, ESG, technology and business development and exploration	11
(+) Corporate costs including office costs project funding, and sales and marketing	10
(+) Transaction costs	1
(+) Retained cash liquidity buffer	25
Total Uses of Funds	**62**

[1] Integrated Project Management Team

The above table excludes any funds raised under the SPP, which is targeting to raise an additional A$7 million (with the ability to accept oversubscriptions of up to a further A$3 million). Proceeds raised from the SPP will be used for the same purposes as noted above (in the proportions determined by the Company, as appropriate).

Placement

The Placement is for the issue of New Shares to sophisticated and institutional investors to raise A$20 million (before costs) at an issue price of A$0.16 per New Share ("**Offer Price**") across two tranches as follows:

Description	Number of New Shares	Funds to be raised (A$)
Tranche 1	88,732,000	$14,197,120.00
Tranche 2	36,268,000	$5,802,880.00
Total	125,000,000	**$20,000,000.00**

The Offer Price represents a 15.8% discount to the last closing price of shares on 23 July 2024 of A$0.19.

Tranche 1 of the Placement will utilise the Company's existing placement capacity under ASX Listing Rule 7.1 (and the issue is not subject to shareholder approval).

Tranche 2 of the Placement is subject to shareholder approval.

The Placement is fully underwritten. A summary of the underwriting arrangement in relation to the Placement is contained at Appendix C.

Share Purchase Plan

In addition to the Placement, the Company is pleased to offer all eligible existing shareholders on the Company's share register at 7.00pm (AEST) on Tuesday, 23 July 2024 with a registered address in Australia or New Zealand the opportunity to apply for New Shares in the Company by participating in the SPP.

The Company is targeting to raise A$7 million (before costs) under the SPP (with the ability to accept oversubscriptions of up to A$3 million).

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Applications for New Shares under the SPP will be capped at a maximum of A$30,000 per eligible shareholder, across all their holdings.

The offer price under the SPP is A$0.16 per New Share, which is the same as the Offer Price for the Placement. The SPP will provide eligible shareholders with the opportunity to increase their holding without paying brokerage or transaction costs.

The Company notes that it completed a share purchase plan on 25 January 2024 in reliance on ASX Listing Rule 7.2 (Exception 5) and *ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547* ("**ASIC Instrument**"), and now wishes to offer eligible shareholders the ability to acquire up to a further A$30,000 worth of New Shares under the SPP. Accordingly, given the Company will be unable to satisfy the conditions of the ASIC Instrument for the SPP (or rely on ASX Listing Rule 7.2 (Exception 5)), the offer and issue of the New Shares under the SPP will be:

- made under a prospectus that will be prepared and lodged with ASIC (and released to ASX) in due course ("**Prospectus"**); and
- subject to shareholder approval for the purposes of ASX Listing Rule 7.1.

The Company will despatch a notice shortly to convene an extraordinary general meeting to be held on (or about) 4 September 2024 ("**EGM"**). At the EGM, resolutions will be put to shareholders to approve the issue of New Shares under Tranche 2 of the Placement and under the SPP.

Directors (and their associates and any other person referred to in ASX Listing Rule 10.11) who are eligible shareholders will only be permitted to participate in the SPP (on the same terms as all other eligible shareholders) subject to shareholder approval. To the extent any such parties wish to participate in the SPP, the Company will seek the relevant approval at the EGM.

The terms and conditions of the SPP will be set out in the Prospectus. Participation in the SPP is optional and the Company reserves the right to scale back any applications under the SPP or to raise more or less than A$7 million in its absolute discretion.

If the SPP raises less than A$7 million (before costs), the directors reserve the right to place any SPP shortfall shares at their discretion at the Offer Price, subject to shareholder approval being obtained (at the EGM) and to compliance with the ASX Listing Rules and *Corporations Act 2001* (Cth) ("**Corporations Act"**). Any SPP shortfall offer will be a separate offer made pursuant to the Prospectus. For the avoidance of doubt, if the Company accepts any oversubscriptions under the SPP, there will be no shortfall and, accordingly, no SPP shortfall offer. Directors (and their associates and any other person referred to in ASX Listing Rule 10.11) may only participate in any SPP shortfall offer if shareholder approval is obtained in due course.

In relation to the EGM (and the shareholder approval required for the SPP), the Company has sought and obtained a waiver from ASX Listing Rule 7.3.9 to permit the Company to include a resolution in the notice of meeting to approve the issue of New Shares under the SPP to not include a voting exclusion statement that excludes votes of persons who may participate in the SPP, on the following conditions:

- Condition 1: That, if the SPP is underwritten, the Company excludes any votes cast in favour of that resolution by any proposed underwriter or sub-underwriter of the SPP; and
- Condition 2: The notice states that any shareholders casting votes on the resolution relating to the SPP will be excluded from participating in the SPP shortfall.

In relation to condition 1, the Company confirms that (as noted above) the SPP is not underwritten.

All New Shares to be issued under the Placement and SPP will rank equally with the Company's existing quoted shares on issue.

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Capital Raising timetable

An indicative timetable for the Capital Raising is set out below:

Time (AEST) and Date	Event
7:00pm, Tuesday, 23 July 2024	**SPP Record date**
Wednesday, 24 July 2024	Trading halt Announcement of Capital Raising
Thursday, 25 July 2024	Announce results of Placement bookbuild (trading halt lifted)
Wednesday, 31 July 2024	Placement settlement date (Tranche 1)
Thursday, 1 August 2024	New Shares issued under Tranche 1 of the Placement New Shares issued under Tranche 1 of the Placement commence trading
Friday, 2 August 2024	**SPP Prospectus lodged with ASIC, released to ASX and despatched to shareholders** **SPP opening date**
Monday, 5 August 2024	Arafura despatches Notice of Meeting for EGM
Wednesday, 4 September 2024	EGM to approve the issue of New Shares under the SPP (and issue of any SPP shortfall shares) and New Shares under Tranche 2 of the Placement
Friday, 6 September 2024	Placement settlement date (Tranche 2)
Monday, 9 September 2024	New Shares issued under Tranche 2 of the Placement New Shares issued under Tranche 2 of the Placement commence trading
5:00pm, Monday, 9 September 2024	**SPP closing date**
Wednesday, 11 September 2024	Announcement of results of SPP Issue of New Shares under SPP
Thursday, 12 September 2024	Commencement of trading of New Shares issued under SPP

Subject to change. The Company reserves the right to withdraw the Capital Raising (including the SPP) or vary the above dates at its discretion.

This announcement is not intended to release the trading halt over the Company's securities.

-ENDS-

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Summary Information

This announcement has been prepared by Arafura and is of a summary form only and therefore contains general background information which may not be complete. It should be read in conjunction with, and full review made of Arafura's most recent financial report and other periodic disclosures and releases lodged with the Australian Securities Exchange (ASX) and available at www.asx.com.au. You are advised to read this disclaimer carefully before reading or making any other use of this announcement or any information contained in this announcement.

In accordance with section 734(5)(a) of the Corporations Act, the Company confirms that (in relation to the Prospectus):

- Arafura will be the offeror of the New Shares under the SPP and SPP shortfall offer;
- the Prospectus will be made available to eligible shareholders when the SPP opens and the New Shares are offered, and the Prospectus will be made available to certain investors who participate in the SPP shortfall offer by invitation only;
- the Prospectus will be made available to eligible shareholders on 2 August 2024 through a designated website established for the offer (and any investors who are invited to participate in the SPP shortfall offer will also be given a copy of the Prospectus);
- a person should consider the Prospectus in deciding whether to acquire New Shares under the SPP or SPP shortfall offer; and
- anyone who wants to acquire New Shares under the SPP or SPP shortfall offer will need to complete an application form that will be in or will accompany the Prospectus.

Forward Looking Statements

This announcement contains certain statements which may constitute "forward-looking statements." These statements can be identified by the use of words like "will", "progress", "anticipate", "intend", "expect", "may", "seek", "towards", "enable" and similar words or expressions containing same. Such statements are only expectations or beliefs and are subject to inherent risks and uncertainties which could cause actual values, results or performance achievements to differ materially from those expressed or implied in this announcement. No representation or warranty, express or implied is made by Arafura that any forward-looking statement contained in this announcement will occur, be achieved or prove to be correct. You are cautioned against relying upon any forward-looking statement.

Content presented in this announcement is provided as at the time of this announcement (unless otherwise stated). Reliance should not be placed on information or opinions contained in this announcement and, subject only to any legal obligation to do so, Arafura accepts no responsibility to update any person regarding any inaccuracy, omission or change in information in this announcement or any other information made available to a person, nor any obligation to furnish the person with any further information.

The forward-looking statements reflect the Company's views and assumptions with respect to future events as of the date of this announcement and are subject to a variety of unpredictable risks, uncertainties, and other unknowns. Actual and future results and trends could differ materially from those set forth in such statements due to various factors, many of which are beyond our ability to control or predict. Given these uncertainties, no one should place undue reliance on any forward-looking statements attributable to the Company, or any of its affiliates or persons acting on its behalf. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Neither the Company nor any other person gives any representation, warranty, assurance, or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. To the maximum extent permitted by law, the Company and each of its advisors, affiliates, related bodies corporate, directors, officers, partners, employees and agents disclaim any responsibility for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise.

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Determination of Eligibility

Investors acknowledge and agree that the determination of eligibility of investors for the purposes of the Placement is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Arafura and/or the underwriters. Each of Arafura and the underwriters and each of their respective affiliates and related bodies corporate, and each of their respective directors, officers, partners, employees and agents (**Extended Parties**) disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law. The underwriters may rely on information provided by or on behalf of institutional investors in connection with managing, conducting and underwriting the Placement without having independently verified that information and the underwriters do not assume responsibility for the fairness, currency, accuracy, reliability or completeness of that information.

Disclaimer

Each underwriter has not, nor have any of its Extended Parties nor the advisors to Arafura, authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this announcement and do not make or purport to make any statement in this announcement and there is no statement in this announcement that is based on any statement by any of those parties.

Arafura, the underwriters and their respective Extended Parties, to the maximum extent permitted by law, expressly exclude and disclaim all liabilities, including without limitation liability for negligence in respect of, and make no representations or warranties regarding, and take no responsibility for any part of, this announcement, including for, any expenses, losses, damages or costs incurred by you as a result of the information in this announcement being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. Arafura, the underwriters and their respective Extended Parties make no representations or warranties, express or implied, as to the fairness, currency, accuracy, reliability or completeness of information, opinions and conclusions in this announcement.

Each underwriter, together with its affiliates, is a full service financial institution engaged in various activities, which may include trading, financing, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services including for which they have received or may receive customary fees and expenses or other transaction consideration. In the course of these activities, each underwriter and its affiliates may at any time for their own account and for the accounts of their clients make or hold investments in equity securities or other financial products of Arafura or its affiliates, and receive customary fees and expenses or other transaction consideration in respect of such activities.

The underwriters are the underwriters of the Placement. Each underwriter is acting for and providing services to Arafura in relation to the Placement and will not be acting for or providing services to Arafura shareholders or creditors. Each underwriter has been engaged solely as an independent contractor and is acting solely in a contractual relationship on an arm's length basis with Arafura. The engagement of the underwriters by Arafura is not intended to create any agency or other relationship between an underwriter and Arafura's shareholders or creditors.

Each underwriter, in conjunction with its affiliates, is acting in the capacity as such in relation to the Placement and will receive fees and expenses for acting in this capacity. The underwriters and/or their respective affiliates are or may in the future be lenders to Arafura or its affiliates.

In connection with the Placement, one or more institutional investors may elect to acquire an economic interest in the New Shares (**Economic Interest**) instead of subscribing for or acquiring the legal or beneficial interest in those securities. Each underwriter (or its affiliates) may, for its own account, write derivative transactions with those investors relating to the New Shares to provide the Economic Interest, or otherwise acquire New Shares in Arafura in connection with the writing of those derivative transactions in the Placement and/or the secondary market. As a result of those transactions, an underwriter (or its affiliates) may be allocated, subscribe for or acquire New Shares or securities of Arafura in the Placement and/or the secondary market, including to hedge those derivative transactions, as well as hold long or short positions in those securities. These transactions may, together with other securities in Arafura acquired by an underwriter or its affiliates in connection with their ordinary course sales and

trading, principal investing and other activities, result in that underwriter or its affiliates disclosing a substantial holding and earning fees.

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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.

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Appendix A: Risk factors

You should be aware that being issued New Shares involves various risks. This section discusses some of the key risks associated with an investment in New Shares. A number of risks and uncertainties, which are both specific and of a more general nature, may adversely affect the operating and financial performance or position of Arafura (and its subsidiaries) (**Group**), which in turn may affect the value of New Shares and the value of an investment in Arafura.

The risks and uncertainties described below are not an exhaustive list of the risks facing the Group or associated with an investment in Arafura. Additional risks and uncertainties may also become important factors that adversely affect the Group's operating and financial performance or position.

This document is not financial product advice and has been prepared without taking into account your investment objectives or personal circumstances. Before investing in New Shares, you should consider whether an investment in New Shares is suitable for you. Potential investors should consider publicly available information on Arafura (such as that available on the websites of Arafura and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional adviser before making an investment decision.

1. Company specific risks

a) Funding risk

The Nolans Project is a large and complex project with total capital expenditure currently estimated at US$1.2bn (refer to the Company's ASX announcement "Arafura achieves major debt funding milestone presentation" dated 23 July 2024). The business of the Group, and the ability of the Group to procure the finance required to develop the Nolans Project, relies on access to debt and equity funding.

As rare earths (including Neodymium-Praseodymium (**NdPr**)) are not traded on any commodity exchange, traditional debt and equity market sources may not be available which may make it difficult for financiers and investors to assess and understand market risk. Therefore, the Group has sought to fund a significant portion of the Nolans Project's capital expenditure through Export Credit Agencies. There can be no assurance that additional debt, equity or other forms of funding (including by way of government grants) will be available to the Group (over any timeframe) on favourable terms or at all.

The Company has conditional approval for US$775m in senior debt facilities, an additional US$80m for a cost overrun facility (**COF**) and a further US$200m in the form of a standby liquidity facility (**SLF**). The COF and SLF are to be used to manage any increases in capital expenditure and operating costs incurred during ramp up. Customary terms of the debt financing require the Company to raise a significant portion of the capital cost required to fund the Nolans Project from the equity market before debt drawdowns will be available. No assurance can be given that the required equity component of the Nolans Project financing will be raised by the Company in full or at all. Failure to obtain sufficient funds from the equity market or failure to achieve other conditions precedent customary for secured project financing arrangements of this nature, such as final loan documentation and satisfaction of other conditions to drawdown (including providing an updated financial model based off, amongst other things, independent commodity price forecasts which demonstrate compliance with financial ratios and debt sizing criteria, entry into material project contracts with associated tripartite agreements, project authorisations, representations, undertakings and offtake policy compliance) may preclude the Company from being able to drawdown on the financing facilities it has secured. Any additional equity financing may dilute existing shareholdings.

Failure to obtain debt, equity and/or other forms of financing may cause the Group to postpone any development plans, forfeit rights to some or all of its projects or reduce its operating structures, including staff and overhead levels, which may delay or suspend the Group's business strategy and could have a material adverse effect on the Group's activities or require the Group to sell down an interest in its projects or assets. This may adversely impact the Group's financial condition and the value of the Company's shares, and could ultimately result in the Group being unable to develop the Nolan's Project. In addition, any delays in obtaining debt, equity and/or other forms of financing, or any delays in receiving (or the non-receipt of) anticipated government grants, may require the Company to decrease its planned expenditure on certain project related activities while such funding is being

secured. This may lead to scheduling disruptions, timetable overruns and an overall delay in the execution of the Nolans Project.

b) Communicable disease outbreaks

The outbreak of communicable diseases around the world (such as COVID-19) may lead to interruptions in operations, exploration, development and production activities, inability to source supplies or consumables and higher volatility in the global capital markets and price of rare earth elements or demand for the product of the Group, which may materially and adversely affect the Group's business, financial condition and results of operations.

In addition, such outbreaks may result in restrictions on travel and public transport and prolonged closures of facilities or other workplaces which may have a material adverse effect on the Group and the global economy more generally. Any material change in the Group's operating conditions, the financial markets or the economy as a result of these events or developments may materially and adversely affect the Group's business, financial condition and results of operations.

c) Exploration, production and project development

The future profitability of the Group is directly related to the results of exploration, development and production activities as well as costs and prices. Exploration, project development and production involves significant risk.

Exploration is a speculative endeavour with an associated risk of discovering or finding NdPr and other products in economic quantities and/or grades, and risks associated with development of a project to exploit any such discovery. No assurances can be given that funds spent on exploration and development will result in discoveries or projects that will be commercially viable. During each stage of a project's development there is a risk that forecast capital or operating expenditure estimates may increase, rendering a discovery uneconomic.

Development and production of NdPr and other mining projects may be exposed to low side reserve outcomes, cost and timetable overruns, production decreases or stoppages, which may be the result of commissioning, facility shutdowns, mechanical or technical failure, scheduling disruptions (which may result from delays to funding or decreased spend while funding is secured), technical risks and other unforeseen events. Few rare earth's processing plants have been constructed and commissioned outside of the People's Republic of China and, as a result, there may be increased execution risk for the Nolans Project. A significant poor development outcome or failure to maintain production could result in the Group lowering reserve and production forecasts, loss of revenue, increased working capital requirements, and additional operating costs to restore production.

In some instances, a loss of production may incur significant capital expenditure, which could require the Group to seek additional funding. The Group may fail to meet product quality requirements and material specifications required by buyers.

d) Volatility of the price of rare earth elements

NdPr and other rare earth products are not exchange traded commodities. The Group will require contracts for sale of these mineral commodities. There is no guarantee the Group will secure contracts on terms favourable to the Group or at all.

NdPr and other rare earth product prices will depend on available markets at acceptable prices and distribution and other costs. Pricing of NdPr can also be impacted by government intervention in NdPr markets, such as through direct or indirect support of producers and exporters of NdPr, stockpiling of NdPr, and trade policies, barriers and sanctions. Historically (and at present), the supply of NdPr has been dominated by producers in the People's Republic of China. Policy changes, actions or events that affect that supply may have a significant effect on NdPr prices.

Additionally, technological developments may result in substitution risk and decrease the demand for (and therefore the price of) NdPr and other rare earth products. Demand for NdPr and other rare earth products may also be impacted by demand for downstream products incorporating rare earths, including (but not limited to) hybrid and electric vehicles, wind turbines, robotics, permanent magnets, medical equipment, military equipment and other high-growth advanced motion technologies as well as demand in the general automotive and electronic industries.

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Any substantial variation in the price of NdPr and other rare earth products or an increase in the distribution costs could have a material impact on the Group.

e) Metallurgy and hydrometallurgy

Metallurgical testwork is used to develop the mineral processing and hydrometallurgical processes required to convert ore into final products. Scale up, technology and materials handling risks remain as the Group moves from development to construction, commissioning and production. Product recoveries are dependent upon the mineral processing and hydrometallurgical processes, and by their nature contain elements of significant risk such as:

- developing and identifying mineral processing and hydrometallurgical processes through testwork to produce a saleable product;
- scale-up and design of novel processes into a commercial flowsheet based on laboratory and pilot scale testwork results:
- the representative nature of the samples used for the metallurgical testwork of the ore that is mined for processing over the life of mine;
- developing an economic process route to produce a saleable product; and
- changes in mineralogy in the ore deposit result in inconsistent product recovery, adversely affecting the economic viability of the Nolans Project.

f) Capital cost risk

While the Group has completed Front End Engineering and Design (**FEED**) activities and is continuing detailed design and tendering activities for procurement and construction contracts (including infrastructure contracts) as part of advancing the design and cost of the Nolans Project, until such time a design definition is complete and construction contracts are signed, there is a risk that the capital expenditure for the Nolans Project increases above the previous disclosed capital requirements (refer to ASX announcements "Nolans Project Update" dated 11 November 2022, "Quarterly Activities Report and Appendix 5B" dated 31 October 2023 and "Arafura achieves major debt funding milestone presentation" dated 23 July 2024) due to various macro-economic factors that have directly or indirectly impacted the construction industry. In addition, even following the completion of design and the execution of construction contracts, there is a risk of a cost overrun on the Nolans Project given the inflationary environment which may impact on labour costs, supply costs, transport costs and other costs associated with the construction of the Nolans Project. The Group has contracted KBR under a PCM (procure, construct, manage) contract and the project is being delivered using an Integrated Project Management Team (**IPMT**) model. The IPMT will procure most of the equipment packages and engage the constructors for each part of the project. The contractor strategy for each major construction package has already been agreed. There is a cost and schedule risk to a successful project outcome if the IPMT does not effectively manage all aspects of the project delivery. The Company continues to monitor capital cost trends (see current trending analysis set out in the Company's ASX Presentation "Arafura achieves major debt funding milestone" dated 23 July 2024).

g) Operating risks

Industry operating risks include, but are not limited to, fires, explosions, environmental hazards, technical failures, unusual or unexpected geological conditions, adverse weather conditions and other accidents. The occurrence of any of these risks could result in substantial losses to the Group due to: injury or loss of life; damage to or destruction of property, natural resources or equipment; pollution or other environmental damage; clean-up responsibilities; regulatory investigation and penalties; or suspension of operations. Damages occurring to third parties as a result of such risks may also give rise to claims against the Group.

The occurrence of any of these circumstances could result in the Group not realising its operational or development plans or in such plans costing more than expected or taking longer to realise than expected. Any of these outcomes could have an adverse effect on the Group's financial and operational performance.

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h) Reliance on key personnel and advisors

The ability of the Group to achieve its objectives depends on the engagement of key employees, directors and external contractors that provide management and technical expertise.

If the Group cannot secure external technical expertise (for example to carry out development activities) or if the services of the present management or technical team cease to be available to the Group, this may affect the Group's ability to achieve its objectives either fully or within the timeframes and the budget that it has forecast. Additionally, industrial disruptions, work stoppages and accidents in the course of operations may adversely affect the Group's performance.

i) Reliance on third party infrastructure

The Group will rely on third party transportation and other infrastructure, primarily in order to deliver its products to the market and incoming reagents and supplies to the Nolans Project site. Any delay or failure to access or properly maintain operating infrastructure or shared facilities may have a material adverse effect on the Group.

j) Reserves and resource estimates

Mineral reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates may change or become uncertain when new information becomes available on the tenements through additional exploration, investigations, research, testing or engineering over the life of a project. This applies equally to the Group's production targets in relation to the Nolans Project and any forecast financial information derived from a production target.

In addition, reserve and contingent resource estimates (and production targets and forecast financial information derived from a production target) are necessarily imprecise and depend to some extent on interpretations, which may prove inaccurate. The actual reserves or contingent resources may differ from those estimated which may result in the Group altering its plans which could have either a positive or negative effect on its operations.

Changes in reserve or resource estimates could also impact the Group's ability to maintain its borrowing capacity with lenders.

k) Native Title

The *Native Title Act 1993* (Cth), Northern Territory Native Title legislation, Aboriginal land rights and Aboriginal heritage legislation may affect the Group's ability to gain access to prospective exploration areas or obtain any additional mineral leases required. The Group has entered into a Native Title Agreement with the Nolans Project's native title holders and the Central Land Council under which the native title holders provide their consent to the grant of the primary mineral lease, ancillary mineral leases and related access authorities for the Nolans Project (refer to ASX Announcement "Native Title Agreement Executed for Nolans Project" dated 26 June 2020). On 22 July 2020, the Company announced that the mineral leases for the Nolans Project had been granted by the Northern Territory Government and, on 9 February 2021, the Company announced that the mineral leases for areas supporting the Nolans Project (which will host the Nolans borefield) had been granted by the Northern Territory Government (refer to ASX Announcements "Nolans Mineral Leases granted by NT Government" dated 22 July 2020 and "Mineral Leases granted by NT Government secures Borefield" dated 9 February 2021). The Group will need to comply with the Native Title Agreement to avoid any potentially adverse consequences.

The Group is currently in discussions with the Central Land Council (as representatives of the native title holders) for an amendment agreement to the Native Title Agreement to cover the mineral leases and extractive mineral permits to cover the explosives magazine, proposed stage 1 solar farm, borrow pits and minor changes to various access authorities. There is a risk that an agreement cannot be reached and in this instance the Group would need to re-arrange aspects of the Nolans Project to allow delivery within the existing Native Title Agreement.

The Group may, from time to time, need to negotiate with native title claimants for access rights to certain tenements, or for certain activities or granting of additional leases, outside those covered by the Native Title Agreement. There may be significant delays and costs associated with these negotiations and to reach agreement acceptable to all relevant parties. At this stage, it is not possible to quantify the potential impact that these developments may have on the operations of the Group.

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l) Environmental

The Group's exploration, development and production activities are subject to legislation regarding environmental matters.

The legal framework governing this area is complex and constantly developing. There is a risk that the environmental regulations may become more onerous, making the Group's operations more expensive and/or subject to potential delays. The Group may become subject to liability for pollution or other hazards against which it is not insured or cannot insure, including those in respect of past activities for which it was not responsible.

The Group's operations are subject to the Northern Territory and Commonwealth laws and regulations regarding the environment, including hazards and discharge of hazardous waste and materials. The mining and processing of Normally Occurring Radioactive Materials (NORM) and the disposal of radioactive waste is subject to additional laws and regulations regarding environmental matters. The cost of compliance with these laws and regulations may impact the cost of exploration, development, construction, operation of the production facilities and mine closure costs and may result in these costs exceeding what has been allowed for in the estimates used to develop forward looking statements around the economic performance of the Nolans Project.

m) Title

Securing and maintaining tenure over mining tenements is critical to the future development of the Group's projects. All mining tenements which the Group may acquire either by application, sale and purchase or farm-in are regulated by the applicable state or territory mining legislation.

There is no guarantee that future applications for ungranted tenements will be granted as applied for (although the Group has no reason to believe that any tenements required for the Nolans Project or identified as being required in the future will not be granted in due course). Various conditions may also be imposed as a condition of grant. In addition, the relevant minister may need to consent to any transfer of a tenement to the Group.

Renewal of titles is made by way of application to the relevant department. There is no guarantee that a renewal will be automatically granted other than in accordance with the applicable state or territory mining legislation. In addition, the relevant department may impose conditions on any renewal, including relinquishment of ground.

Under the *Mineral Titles Act 2010* (NT) (**MT Act**), a 'person who has an interest in land' (as defined in the MT Act) is entitled to compensation from the holder of a mineral title for:

- damage to the land, and any improvements on the land, caused by activities conducted under the title; and
- any loss suffered as a result of that damage.

The compensation to which a person is entitled depends upon the type of land in question (for example, whether it is freehold land or a pastoral lease) and the nature of the activities that caused the damage to the land (for example, whether they were exploration activities or mining activities). There is no requirement under the MT Act that landholder agreements need to be in place between the Group and all or any of the persons who have interests in the land the subject of the mineral titles under the MT Act held by the Group in respect of the Nolans Project mine and associated infrastructure prior to the commencement of development of, or operations for, the Nolans Project.

The Group has a right of access to its mineral titles and a right to occupy and uses its mineral titles in accordance with their terms, the MT Act and the Mining Management Act 2001 (NT). Should the Group not be able to enter into a landholder agreement with a person who has an interest in any relevant land, that person will be entitled to compensation as described above and will be able to apply to the Northern Territory Civil and Administrative Tribunal for a decision in respect of the compensation payable to the person (and associated matters) in the event that the parties are unable to reach agreement on the compensation payable by the Group to the person. There is a risk that the compensation payable to the persons who have interests in the relevant land may exceed the estimates included in the operating cost estimates used to develop forward looking statements around the Nolans Project's economic performance.

n) Legislative changes, government policy and approvals

The Group requires government regulatory approvals for its operations. Changes in government, monetary policies, taxation and other laws in Australia or internationally may impact the Group's operations.

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The impact of actions by state, territory and federal governments may affect the Group's activities including such matters as access to lands and infrastructure, compliance with environmental regulations, production and exploration activities. This may from time to time affect timing and scope of work to be undertaken. No guarantee can be given that all necessary permits, authorisations, agreements or licences will be provided to the Group by government bodies, or if they are, that they will be renewed or not revoked if already granted.

The Group has received environmental approval from the Australian Government and the Northern Territory Environment Protection Authority under the *Environment Protection and Biodiversity Conservation Act 1999* (Cth).

The Group has received approval from the Northern Territory Government for its Mining Management Plan, which provides its Mining Authorisation for the Nolans Project (refer to ASX Announcement "Nolans receives Mining Authorisation from NT Government" dated 15 November 2022). There is a risk that the Group may not be in a position to comply with all conditions attached to the approval. As the Mining Management Plan is required to be updated for re-approval at regular intervals or when there is a review of past activities or changes to the proposed activities, there is also a risk that the authority to carry out mining activity may not be renewed or that additional conditions may be placed on such an approval which the Group is not in a position to comply with.

Similarly, the Group's Groundwater Extraction Licence relating to the water supply for the Nolans Project was approved in March 2023 for a period of 10 years after which extension of the approval is required. There is a risk that the Group may not be in a position to comply with all conditions attached to the approval, that an extension to the approval may not be granted, or that additional conditions will be attached to the extension of the approval which the Group may not be in a position to comply with.

o) Occupational health and safety

Exploration and production activities may expose the Group's staff and contractors to potentially dangerous working environments. Occupational health and safety legislation and regulations differ in each jurisdiction. If any of the Group's employees or contractors suffers injury or death, compensation payments or fines may be payable and such circumstances could result in the loss of a licence or permit required to carry on the business. Such an incident may also have an adverse effect on the Group's business (including financial position) and reputation.

p) Third party risk

The Group will rely significantly on strategic relationships with other entities and on a good relationship with regulatory and government departments and other interest holders. The Group will also rely on third parties to provide essential contracting services. There can be no assurance that its existing relationships will be maintained, or that new ones will be successfully formed. The Group could be adversely affected by changes to such relationships or difficulties in forming new ones.

q) Insurance

Insurance of all risks associated with mineral exploration and production is not always available and, where available, the cost can be high. The Group maintains insurance within a coverage range that it considers to be consistent with industry practice and appropriate for its needs and will update this insurance as required as Group activities evolve through the development and operation of the Nolans Project. The occurrence of an event that is uninsurable, not covered, or only partially covered by insurance could have a material adverse effect on the Group's business and financial position.

r) Litigation risks

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employment claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

s) Climate change risk

Climate change is a risk the Group has considered, particularly related to its operations in the mining industry. The climate change risks particularly attributable to the Group include:

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- the emergence of new or expanded regulations associated with transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Group may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Group and its profitability. While the Group will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Group will not be impacted by these occurrences; and
- climate change may cause certain physical and environmental risks that cannot be predicted by the Group, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns.

All risks associated with climate change may significantly change the industry in which the Group operates.

t) Financial risks

The Group's activities expose it to a variety of financial risks, including:

- *Market risk*: The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, interest rate risk, price risk, credit risk and liquidity risk (maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities). The Group's future activities will be subject to volatility and fluctuations in those particular areas.
- *Foreign exchange/currency risk*: The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures with respect to changes in foreign exchange rates. The Group's future commercial transactions include product sales, capital expenditure, purchase of foreign sourced inputs and debt facilities. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.
- *Interest rate and credit risk*: This relates to the risk that interest rates applicable to the Group may fluctuate and have an impact on the value of the Group's assets and liabilities.
- *Liquidity risk*: This relates to the ability of the Group to maintain sufficient cash and the availability of funding through an adequate amount of committed credit facilities to support the Group's operations.

u) Shareholder approval risks regarding Tranche 2 of the Placement, the SPP and SPP shortfall offer

The issue of New Shares under Tranche 2 of the Placement, the SPP and SPP shortfall offer is subject to the Company obtaining shareholder approval at the EGM.

There is no certainty that shareholders will approve the issue of New Shares under those offers. In the event shareholder approval is not obtained, this could be expected to have an adverse impact on the Company's ability to raise the full amount of proceeds contemplated by the Capital Raising, and therefore may impact the ability of the Group to realise some or all of the intended purposes to which the proceeds of the Capital Raising would be put towards, which could in turn have a materially adverse effect on the Company's financial and operational conditions.

Further details regarding the shareholder approval being sought at the EGM, including the consequences if the each relevant resolution is not passed, will be set out in the notice of meeting which will be prepared and dispatched by the Company and released on ASX (prior to the EGM).

Further, even if shareholders approve the issue of New Shares under the SPP and SPP shortfall offer, the SPP is not underwritten and there is therefore no guarantee that the Company will raise the targeted amount under the SPP (or if there is a shortfall, be able to place all of the SPP shortfall shares), which may impact the ability of the Group to realise some or all of the intended purposes to which the proceeds of the SPP would be put towards, which could in turn have a materially adverse effect on the Group's financial condition and operations.

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2. General risks

a) Potential for dilution

A shareholder's percentage holding in the Company will be diluted by not participating in the Capital Raising.

It is not possible to predict what the value of the Company or its shares will be following the completion of the Capital Raising and the Directors do not make any representation as to such matters.

The historical trading price of the shares on ASX prior to the Capital Raising is not a reliable indicator as to the potential trading price of shares after completion of the Capital Raising.

b) General market and economic factors

The operating and financial performance of the Group is influenced by a number of general economic and business conditions.

Generally applicable factors which may affect the operating and financial performance of the Group include:

- general movements in Australian and international stock markets;
- investor sentiment;
- Australian and international economic conditions and outlook;
- commodity prices;
- changes in interest rates and the rate of inflation;
- changes in government legislation and policies, including taxation laws and foreign investment legislation;
- announcement of new technologies; and
- geo-political instability, including international hostilities and acts of terrorism.

Further, the effect of these conditions on the Group's ability to obtain new debt financing, and the terms on which any such financing can be obtained, is uncertain. If these conditions result in the Group being unable to obtain new debt financing, or to do so on reasonable terms, this may have an adverse impact on its financial position, financial performance and/or share price. The Group's operational and financial performance and position may be adversely affected by a worsening of international economic and market conditions and related factors. It is also possible that new risks might emerge as a result of global markets experiencing extreme stress, or existing risks may manifest themselves in ways that are not currently foreseeable.

c) Dividends

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

d) Taxation

The disposal of New Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All investors are urged to obtain independent financial advice about the consequences of disposing of New Shares from both a taxation viewpoint and generally. To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of acquiring or disposing of New Shares under this equity raising.

e) Competition

The Company will compete with other companies, including major mining companies in Australia and internationally. Some of these companies will have greater financial and other resources than the Group and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Group can compete effectively with these companies.

f) Force majeure

The Group's projects now or in the future may be adversely affected by risks outside the control of the Group, including fires, labour unrest, civil disorder, war, subversive activities or sabotage, floods, pandemics, explosions or other catastrophes, epidemics or quarantine restrictions.

g) Russia-Ukraine and Israel-Palestine conflict

The ongoing Russia-Ukraine and Israel-Palestine conflicts have had and will continue to have a significant impact on global economic markets. Although the Group considers the current impact of the conflicts on the Group to be limited, given that the conflicts are ongoing and volatile in nature, the future effect of the conflicts on the Group is uncertain. The conflicts may have an adverse effect on the Company's share price or operations which will likely be out of the Group's control.

h) Data and information technology

The Group's computer systems are subject to the risks of unauthorised access, computer hackers, computer viruses, malicious code, organised cyber-attacks and other security problems and system disruptions, including possible unauthorised access to proprietary or classified information. Any of these events could damage the Group's reputation and have a material adverse effect on its business, reputation, results of operations and financial condition. There is also a risk that the Group's systems for capturing data and intellectual property for project development are ultimately not effective.

3. Speculative investment

The above list of risk factors ought not to be taken as an exhaustive list of the risks faced by the Group or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Group and the value of the Company's securities. An investment in the Company is speculative and investors should consult their professional adviser before applying for or disposing of securities in the Company.

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Appendix B: Offer Jurisdictions (Placement)

This document does not constitute an offer of New Shares of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and (in relation to the Placement) the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces"), only to persons to whom New Shares may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not a prospectus, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons who are "accredited investors" within the meaning of National Instrument 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.

No securities commission or authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of the New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws. While such resale restrictions generally do not apply to a first trade in a security of a foreign, non-Canadian reporting issuer that is made through an exchange or market outside Canada, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages and rescission. Securities legislation in certain Provinces may provide a purchaser with remedies for rescission or damages if an offering memorandum contains a misrepresentation, provided the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's Province. A purchaser may refer to any applicable provision of the securities legislation of the purchaser's Province for particulars of these rights or consult with a legal adviser.

Certain Canadian income tax considerations. Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as there are Canadian tax implications for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement*.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). Accordingly, this document may not be distributed, and the New Shares may not be offered

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or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007 no. 75. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act. The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in the Norwegian Securities Trading Act).

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the "SFA") or another exemption under the SFA.

This document has been given to you on the basis that you are an "institutional investor" or an "accredited investor" (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

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Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

No offering or marketing material relating to the New Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to investors who qualify as "professional clients" (as defined in the Swiss Financial Services Act). This document is personal to the recipient and not for general circulation in Switzerland.

United Arab Emirates

This document does not constitute a public offer of securities in the United Arab Emirates and the New Shares may not be offered or sold, directly or indirectly, to the public in the UAE. Neither this document nor the New Shares have been approved by the Securities and Commodities Authority ("SCA") or any other authority in the UAE.

No marketing of the New Shares has been, or will be, made from within the UAE other than in compliance with the laws of the UAE and no subscription for any securities may be consummated within the UAE. This document may be distributed in the UAE only to "professional investors" (as defined in the SCA Board of Directors' Decision No.13/RM of 2021, as amended).

No offer of New Shares will be made to, and no subscription for New Shares will be permitted from, any person in the Abu Dhabi Global Market or the Dubai International Financial Centre.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated ("relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold in the

United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

The New Shares will only be offered and sold in the United States to:

- "qualified institutional buyers" (as defined in Rule 144A under the US Securities Act; and
- dealers or other professional fiduciaries organized or incorporated in the United States that are acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not US persons and for which they exercise investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the US Securities Act.

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ARAFURA LAUNCHES A$20 MILLION FULLY UNDERWRITTEN PLACEMENT AND A$7 MILLION SPP

Appendix C: Summary of Underwriting Arrangement

The Company has entered into a placement agreement with the Joint Lead Managers in respect of the management and underwriting of the Placement (**Placement Agreement**).

The Placement Agreement contains representations, warranties and indemnities in favour of the Joint Lead Managers. Each Joint Lead Manager may, in certain circumstances, terminate its obligations under the Placement Agreement on the occurrence of the following events:

a) (*) the Company is or becomes in default of any of the terms and conditions of the Placement Agreement or a representation or warranty given by the Company under the Placement Agreement is or becomes false or incorrect;
b) the Company withdraws the Placement;
c) the Company is prevented from conducting or completing the Placement (including allotting or issuing the New Shares) by or in accordance with the ASX Listing Rules, ASIC, ASX, any applicable laws, an order of a court of competent jurisdiction or a Government Agency, or otherwise is unable or unwilling to do any of these things;
d) any event specified in the timetable for the Placement is delayed for one or more business days without the prior written consent of the Joint Lead Managers;
e) ASX announces that the Company's securities will be delisted, removed from quotation, withdrawn from admission to trading status or suspended from quotation (which, for the avoidance of doubt, does not include any trading halt or suspension requested to facilitate the Placement);
f) approval (subject only to customary conditions) is refused or not granted to the official quotation of all the New Shares on ASX by the time specified in the timetable for the Placement, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;
g) the Company or one of its subsidiaries which represents 5% or more of the consolidated assets or earnings of the group becomes insolvent or there is an act or omission which will or is likely to result in the Company or such a subsidiary becoming insolvent;
h) in the reasonable opinion of the Joint Lead Managers, there is any material adverse change or effect on, or any development involving a prospective material adverse change or effect in, or affecting the general affairs, business, operations, assets, liabilities, financial position or performance, profits, losses, or prospects, earnings position, shareholders' equity, or results of operations of the group (taken as a whole);
i) the Company or any of its directors, members of senior management or officers (as that term is defined in the Corporations Act) engages in any fraudulent conduct or activity whether or not in connection with the Placement;
j) a change to the members of senior management or board of directors of the Company occurs;
k) (*) there is an omission from, or misstatement relating to, the completed due diligence questionnaire in relation to the Placement or any other information supplied by or on behalf of the Company to the Joint Lead Managers for the purpose of due diligence inquiries in relation to the Placement or such questionnaire or any other information becomes misleading or deceptive;
l) any public material released by the Company in relation to the Company or the Placement includes a material statement or fact that is misleading or deceptive or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading or deceptive or any statement of opinion or belief in that material is not truly and honestly held or there are no reasonable grounds for making any such statement;
m) the Company does not issue the required certificates to the Joint Lead Managers under the Placement Agreement, or (*) such certificates are untrue or incorrect;
n) any Government Agency holds, or gives notice of intention to hold, a hearing or investigation in relation to the Placement or the Company, or prosecutes or gives notice of an intention to prosecute, or commences proceedings against, or gives notice of an intention to commence proceedings against, the Company or any of its directors, officers, employees or agents in relation to the Placement (and such hearing, notice, investigation, prosecution or proceeding becomes public or is not withdrawn within two business days after it is made or is not discontinued before settlement of the Placement);
o) any director or any member of senior management is charged with an indictable offence relating to any financial or corporate matter or is disqualified from managing a corporation under the Corporations Act;

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p) (*) proceedings are commenced, or there is a public announcement of an intention to commence proceedings before a court or tribunal of competent jurisdiction in Australia seeking an injunction or other order in relation to the Placement;
q) (*) hostilities not presently existing commence or there is a major escalation of existing hostilities (whether war has been declared or not) involving one or more of Australia, any member of the European Union, Israel, Lebanon, Iran, Hong Kong, New Zealand, Singapore, the United Kingdom, a member of NATO or the United States of America, or a terrorist act is perpetrated on any of those countries or any diplomatic military, commercial or political establishment of any of those countries elsewhere in the world or chemical, nuclear or biological weapons of any sort are used in connection with the Ukraine conflict that is ongoing at the date of the Placement Agreement;
r) the S&P/ASX 200 Index falls to a level that is 10% (or more) below the level of the index at the close of the trading day prior to the date of the Placement Agreement;
s) the listed "PrNd Oxide Pr6O11 25%, Nd 75% EXW China RMB/mt" as quoted by Asian Metals (www.asianmetal.com) falls to a level that is 10% (or more) below its level at the close of the trading day prior to the date of the Placement Agreement;
t) (*) there is an event or occurrence, including any statute, order, rule, regulation, directive or request of any Government Agency which makes it illegal for the Joint Lead Managers to satisfy an obligation under the Placement Agreement;
u) (*) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State or Territory of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State or Territory authority, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced prior to the date of the Placement Agreement);
v) (*) any of the following occurs:

- a general moratorium on commercial banking activities in Australia, Hong Kong, Singapore, the United Kingdom or the United States of America is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
- trading of securities quoted on ASX, the London Stock Exchange, Hong Kong Exchanges and Clearing, the New York Stock Exchange or Singapore Stock Exchange is suspended, or there is a material limitation in trading, for one Business Day or a substantial part of one Business Day on which the exchange is open for trading; or
- any adverse change or disruption occurs to the existing financial markets, political or economic conditions of, or currency exchange rates or controls in Australia, Hong Kong, Singapore, the United Kingdom or the United States of America.

Certain termination events noted above (marked with an *) will only entitle a Joint Lead Manager to exercise its rights to terminate its obligation sunder the Placement Agreement, if in the reasonable opinion of that Joint Lead Manager, the event:

a) has had, or is likely to have, a material adverse effect on the success, outcome, marketing or settlement of the Placement or the likely price at which the New Shares will trade on ASX or on the ability of the Joint Lead Managers to settle the Placement; or
b) leads, or is likely to lead, to a contravention by, or liability of, the Joint Lead Manager (or one of their respective affiliates) under, the Corporations Act or any applicable law.

If either Joint Lead Manager terminates its obligations under the Placement Agreement, that Joint Lead Manager will be immediately relieved of its obligations under the Placement Agreement. Termination of the Placement Agreement could have an adverse impact on the amount of proceeds raised under the Placement.

For details of fees payable to the Joint Lead Managers, see the Appendix 3B released to the ASX on 24 July 2024.