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ARAFURA RARE EARTHS LIMITED

ABN 22 080 933 455

PROSPECTUS

For an offer:

- to Eligible Shareholders to subscribe for up to $30,000 of new fully paid ordinary shares in the Company at an issue price of $0.16 per share under a share purchase plan targeting to raise $7 million (before costs), with the ability to accept oversubscriptions of up to a further $3 million; and
- to investors invited by the Company to subscribe for any Shortfall if the SPP raises less than $7 million (before costs).

The Offers are not underwritten.

The issue of SPP Shares and SPP Shortfall Shares (if any) under the Offers is subject to Shareholder approval, which will be sought at a general meeting of the Company to be held on or around 4 September 2024.

The SPP Offer closes at 5:00pm (AEST) on 9 September 2024 (unless extended, withdrawn or closed early by the Company). Valid applications under the SPP must be received before that date.

Terms and abbreviations used in this Prospectus are defined in the Glossary of terms at the end of this Prospectus.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

YOU SHOULD READ THIS PROSPECTUS IN ITS ENTIRETY BEFORE DECIDING WHETHER TO APPLY FOR NEW SHARES.

IF YOU DO NOT UNDERSTAND ANY PART OF THIS PROSPECTUS, OR ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER WITHOUT DELAY.

NEW SHARES OFFERED UNDER THIS PROSPECTUS SHOULD BE CONSIDERED SPECULATIVE IN NATURE.

Not for release to US wire services or distribution in the United States, except by the Company to specific investors under the SPP Shortfall Offer

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IMPORTANT INFORMATION

About this Prospectus

This Prospectus is dated 2 August 2024 and was lodged with ASIC on that date. ASIC and ASX take no responsibility for the contents of this Prospectus.

The New Shares offered pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus.

The expiry date of this Prospectus is 7:00pm (AEST) on the date that is 13 months after the date of this Prospectus (**Expiry Date**). No New Shares will be issued on the basis of this Prospectus after the Expiry Date.

This Prospectus is a transaction specific prospectus for an offer to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as a full form prospectus. In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom investors may consult.

It is important that Applicants read this Prospectus in its entirety and seek professional advice where necessary.

The New Shares offered under this Prospectus should be considered speculative in nature. There is no guarantee that New Shares will make a return on the capital invested, that dividends will be paid on the New Shares or that there will be an increase in the value of the New Shares in the future. You should be aware that dealing in the New Shares involves risks. Various risks may also affect the future operating and financial performance of the Company and the value of an investment in the Company. Some of these risks are listed in Section 5 of this Prospectus. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser in relation to any decision to deal in the New Shares issued pursuant to this Prospectus.

The potential tax effects of receiving or dealing in the New Shares will vary between each investor. All investors should satisfy themselves of any possible tax consequences by consulting their own professional tax advisers.

The Company will apply for Official Quotation by ASX of the New Shares offered by this Prospectus.

A copy of this Prospectus is available for inspection at the registered office of the Company at Level 6, 432 Murray Street, Perth, Western Australia 6000, during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Section 6.4).

Any revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of GST, unless otherwise disclosed.

Defined terms and abbreviations

Terms and abbreviations used in this Prospectus are defined in the Glossary of terms at the end of this Prospectus.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offers which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offers. Neither the Company nor any other person warrants the future performance of the Company or any return on any investment made under this Prospectus, except as required by law, and then only to the extent so required.

Forward-looking statements

This Prospectus may contain forward-looking statements which are identified by words such as ‘may’, ‘could’, ‘believes’, ‘estimates’, ‘targets’, ‘expects’, or ‘intends’ and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, and its Directors and management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

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The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause actual results to differ materially from the result expressed or anticipated in these statements. For more information, please refer to Section 5.

Investment advice

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for New Shares under this Prospectus.

Restriction on the distribution of this Prospectus

The distribution of this Prospectus, and the offer of securities under this Prospectus, in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, it would not be lawful to make such an offer or invitation.

No exposure period

No exposure period applies to this Prospectus by operation of *ASIC Corporations (Exposure Period) Instrument 2016/74*.

Administration of SPP

In certain circumstances, a listed company may undertake a share purchase plan in accordance with *ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547* (**ASIC Instrument**). This ASIC Instrument allows a registered holder (subject to particular conditions applicable to some custodians) to be issued no more than $30,000 worth of shares in any consecutive 12-month period under a share purchase plan. Similarly, ASX Listing Rule 7.2 (Exception 5) permits a listed company to issue securities under a share purchase plan without that issue counting towards the company's placement capacity under ASX Listing Rule 7.1, where (amongst other things) the issue satisfies the conditions of the ASIC Instrument. ASX Listing Rule 7.2 (Exception 5) can only be relied on once in any 12-month period.

The Company completed a share purchase plan on 25 January 2024 in reliance on ASX Listing Rule 7.2 (Exception 5) and the ASIC Instrument, and now wishes to offer Eligible Shareholders the ability to acquire up to a further $30,000 worth of New Shares under this SPP. Accordingly, given that the Company will be unable to satisfy the conditions of the ASIC Instrument for the SPP, the issue of all new securities under the SPP is being made pursuant to this Prospectus and is subject to the Company receiving prior Shareholder approval for the purposes of ASX Listing Rule 7.1 (and for all other purposes) at the Meeting.

In addition, LR 10.11 Parties who are Eligible Shareholders will only be permitted to participate in the SPP Offer (on the same terms as all other Eligible Shareholders) subject to Shareholder approval. To the extent LR 10.11 Parties wish to participate in the SPP Offer, the Company will seek the relevant approvals at the Meeting.

Withdrawal of the Offers

The Company reserves the right to withdraw all or part of the Offers and this Prospectus at any time, subject to applicable laws and the ASX Listing Rules. If the Company withdraws the Offers, the Company will refund Application Monies in relation to New Shares not already issued in accordance with the Corporations Act and without payment of interest. To the fullest extent permitted by law, an Applicant agrees that any Application Monies paid by them to the Company will not entitle them to receive any interest and that any interest earned in respect of Application Monies will belong to the Company.

Electronic prospectus

If you have received this Prospectus as an electronic prospectus together with an Application Form, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company on + 61 (0) 8 6370 2800 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.arultd.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary prospectus or any of those documents were incomplete or altered.

Australian dollars

Unless otherwise specified, all references to "$" are references to Australian dollars.

Rounding

Any discrepancies between totals, sums and components in tables detailed in this Prospectus are due to rounding.

Privacy

The Company and the Share Registry collect, hold and use certain personal information to assess your application, service your needs, provide facilities and services that you request and carry out appropriate administration.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's or its subsidiaries' agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

Company and tax law requires some of the information to be collected. If you do not provide the information requested, your application may not be able to be processed efficiently, if at all.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

Under the *Privacy Act 1988* (Cth), you may request access to your personal information held by or on behalf of the Company. You can request access to your personal information or obtain further information about the Company's management practices by contacting the Share Registry or the Company. If the Share Registry's record of your personal information is incorrect or out of date, it is important that you contact the Company or the Share Registry so that records can be corrected.

Governing Law

This Prospectus, the Offers and the contracts formed on acceptance of applications are governed by the laws applicable in Western Australia. Each Applicant for New Shares submits to the non-exclusive jurisdiction of the courts of Western Australia.

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CHAIRMAN'S LETTER

Dear Shareholder

OFFER TO PARTICIPATE IN SHARE PURCHASE PLAN

The Directors of Arafura Rare Earths Limited (ASX: ARU) (**Arafura** or the **Company**) are pleased to offer you the opportunity to participate in the Arafura Share Purchase Plan (**SPP**).

SPP Offer details

Under the SPP, the Company offers Eligible Shareholders who were registered holders of fully paid ordinary shares (**Shares**) in the Company as at 7:00pm (AEST) on 23 July 2024 (**Record Date**), and whose registered address is in Australia or New Zealand, the opportunity to apply for parcels of new Shares in Arafura of up to $30,000 without paying brokerage or other transaction costs.

The SPP follows the Company's recent announcements in relation to its fully underwritten Placement to raise $20 million (before costs) across two tranches.

The issue price for the SPP Shares is $0.16 per share which is the same issue price as under the Placement. The issue price represents a discount of 15.8% to the closing price of ordinary shares in the Company on ASX on 23 July 2024 (being the last day Shares were traded on ASX before announcement of the SPP Offer).

The SPP is not underwritten. Arafura is targeting to raise $7 million (before costs) under the SPP (with the ability to accept oversubscriptions of up to $3 million) and, depending on demand, may scale back applications at its absolute discretion.

Funds raised under the SPP and the Placement will support advancement of the Company's funding initiatives and 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).

If Arafura does not raise the full amount targeted under the SPP, Arafura intends to apply the gross proceeds received firstly towards meeting the costs of the SPP, and then towards the above items to the extent possible.

The SPP Offer will open on 2 August 2024 and will remain open until 5:00pm (AEST) on 9 September 2024 (unless extended, withdrawn or closed early by the Company). As soon as practicable (and in any event no later than 5 Business Days) after the close of the SPP, Arafura will make an ASX announcement as to the outcome of the SPP Offer and the number of SPP Shares to be issued.

Participation in the SPP Offer is optional. To apply for a parcel of SPP Shares, please follow the instructions set out in the Prospectus and on the Application Form.

The Directors reserve the right, subject to the Corporations Act and the ASX Listing Rules, to vary the Closing Date without prior notice including closing the SPP Offer early or extending the Closing Date. If the Closing Date is varied, subsequent dates may also be varied accordingly. The Directors therefore encourage any Eligible Shareholders (including Eligible Shareholders who are Custodians) wishing to participate in the SPP Offer to remit their Application Monies as soon as possible.

Shortfall

If the SPP raises less than $7 million (before costs), the Directors reserve the right to place any SPP Shortfall Shares at their discretion at $0.16 per share, subject to Shareholder approval being obtained and to compliance with the ASX Listing Rules and Corporations Act. The SPP Shortfall Offer will be a separate offer made pursuant to this Prospectus. For the avoidance of doubt, if the Company accepts any oversubscriptions under the SPP Offer, there will be no Shortfall and, accordingly, no SPP Shortfall Offer.

Shareholder approval

The issue of New Shares under the Offers (including the issue of SPP Shortfall Shares) is subject to Shareholder approval being obtained at the Meeting. Please refer to Section 2.12 of this Prospectus for further information regarding the Shareholder approval required and to Section 6.3 of this Prospectus in relation to the ASX waiver sought (and obtained) by the Company in relation to the SPP. The Company will prepare and dispatch a notice of meeting in due course that contains further information about the Shareholder approval that is required.

In addition, Directors (and their associates and any other person referred to in Listing Rule 10.11) who are Eligible Shareholders will only be permitted to participate in the SPP Offer (on the same terms as all other Eligible Shareholders) and the SPP Shortfall Offer if Shareholder approval is obtained.

Further information

Further information and application instructions for the Offers, as well as the risks associated with investing in New Shares are detailed in this Prospectus.

These documents are important and should be read thoroughly in conjunction with the publicly available information relating to Arafura. If you are unsure about whether to participate, please contact your stockbroker, solicitor, accountant or other professional adviser. If you have any queries or require further information, please visit www.arultd.com or contact the Arafura Shareholder Information Line on 1300 402 422 (within Australia) or +61 1300 402 422 (outside of Australia) between 8:30am to 5:30pm (AEST) Monday to Friday (excluding public holidays).

On behalf of the Board, I encourage you to consider this opportunity to increase your investment in Arafura.

Yours faithfully



Mark Southey
Chairman
Arafura Rare Earths Limited

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CORPORATE DIRECTORY

Directors

Mark Southey	Non-Executive Chairman
Darryl Cuzzubbo	Managing Director and CEO
Cathy Moises	Non-Executive Director
Michael Spreadborough	Non-Executive Director
Roger Higgins	Non-Executive Director

Company Secretary

Catherine Huynh

Principal and Registered Office

Level 6, 432 Murray Street
Perth, WA 6005
Tel: + 61 (0) 8 6370 2800

Share Registry

Link Market Services Limited
Locked Bag A14
Sydney South, NSW 1235
Tel: 1300 554 474

Securities Exchange Listing

Australian Securities Exchange
Home Branch – Perth
Level 40, Central Park
152-158 St George's Terrace
Perth, WA 6000

ASX Code

ARU

Company Website

http://www.arultd.com

Lawyers to the Company

Johnson Winter Slattery
Level 49, Central Park
152-158 St Georges Terrace
Perth, WA 6000

INDICATIVE TIMETABLE*

Record Date: The time that eligibility to participate in the SPP Offer is determined	7:00pm (AEST) Tuesday 23 July 2024
Announcement Date: Announcement of Placement and SPP Offer	Wednesday 24 July 2024
Placement (Tranche 1) Issue Date: Issue of Shares under Tranche 1 of the Placement	Thursday 1 August 2024
Prospectus lodgement date: Prospectus lodged with ASIC and released on ASX	Friday 2 August 2024
Opening date of SPP Offer	Friday 2 August 2024
General Meeting	Wednesday 4 September 2024
Placement (Tranche 2) Issue Date: Issue of Shares under Tranche 2 of the Placement	Monday 9 September 2024
Closing Date of SPP Offer	5:00pm (AEST) Monday 9 September 2024
SPP Results Announcement Date	Wednesday 11 September 2024
SPP Issue Date: Issue of SPP Shares under SPP Offer	Wednesday 11 September 2024
Trading Date: Trading of SPP Shares under SPP Offer expected to commence	Thursday 12 September 2024
Dispatch Date: Dispatch of holding statements (SPP Shares)	Friday 13 September 2024

* These dates are indicative only. Subject to the Corporations Act, ASX Listing Rules and other applicable laws, the Company reserves the right to vary any or all of the dates and times of the Offers or to withdraw the Offers without any prior notice.

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1 Investment overview

This Section provides a summary of information that is key to a decision as to whether to invest in securities in the Company. This is a summary only. Potential investors should read this entire Prospectus carefully.

If an Applicant is unclear in relation to any aspect of the Offers, or if they are uncertain as to whether the New Shares are a suitable investment for them, they should consult their financial or other professional adviser.

Question	Response	Further Information
What is the SPP Offer, what is being offered and at what price?	The SPP Offer is an offer to each Eligible Shareholder to apply for up to $30,000 worth of SPP Shares at an Offer Price of $0.16 per SPP Share. The Company is targeting to raise $7 million (before costs) under the SPP, with the ability to accept oversubscriptions of up to $3 million. Participation in the SPP is entirely voluntary. The SPP Offer opens on 2 August 2024 and is expected to close at 5:00pm (AEST) on 9 September 2024 (unless extended, withdrawn or closed early by the Company). The SPP Offer is non-renounceable and, therefore, Eligible Shareholders cannot transfer their right to purchase SPP Shares to any third party. The SPP Offer to each Eligible Shareholder (whether as a Custodian or on its own account) is made on the same terms and conditions. The SPP Offer is not underwritten.	Sections 2.1 and 2.8
Are there any conditions to the SPP Offer?	The issue of the New Shares under the Offers is subject to the Company obtaining Shareholder approval for the purposes of ASX Listing Rule 7.1. The Company will prepare and send a notice of meeting to Shareholders to convene the Meeting seeking such approval. If the above Shareholder approval at the Meeting is not obtained, New Shares under the Offers will not be issued and the Company will refund all Application Monies to Applicants without interest. In addition, LR 10.11 Parties (being Directors, their associates and any other person referred to in Listing Rule 10.11) who are Eligible Shareholders will only be permitted to participate in the SPP Offer (on the same terms as all other Eligible Shareholders in the Company) subject to Shareholder approval. To the extent any LR 10.11 Parties wish to participate in the SPP Offer, the Company will seek the relevant approvals at the Meeting.	Section 2.12

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Question	Response	Further Information
Who is eligible to participate in the SPP Offer?	You are an Eligible Shareholder (who is eligible to participate in the SPP Offer) if you were a registered holder of Shares with a registered address in Australia or New Zealand as at 7:00pm (AEST) on the Record Date, being 23 July 2024, unless: • you are in the United States or acting for the account or benefit of a person in the United States; or • you hold Arafura Shares on behalf of another person who resides outside Australia or New Zealand, in which case you will not be eligible to participate in respect of the shares held for on behalf of that person. The SPP Offer is not made to holders of Shares with a registered address outside of Australia or New Zealand. Any Shareholders who hold Shares on behalf of persons who are in the United States or who act for the account or benefit of a person in the United States are not entitled to participate in the SPP. If you do not wish to participate in the SPP Offer, you do not have to take any action. As the SPP Offer is non-renounceable, you cannot transfer your rights to any SPP Shares offered under the SPP Offer.	Section 2.2
What about joint holders and Custodians?	If two or more persons are recorded in the register of members of Arafura as jointly holding Shares, they are considered to be a single registered holder for the purpose of the SPP and as joint holders they are entitled to participate in the SPP in respect of that single holding only. If as joint holders you receive more than one offer under the SPP due to multiple identical holdings, you may still only contribute a maximum of $30,000 in applying for New Shares. Eligible Shareholders who are "Custodians" may participate in the SPP Offer. Subject to the terms and conditions in this Prospectus, a Custodian has the discretion to extend the offer to the Beneficiaries. A "Beneficiary" is a person who resides in Australia or New Zealand for whom a Custodian (being an Eligible Shareholder) held Shares on the Record Date and who is not in the United States and who is not acting for the benefit of or the account of a person in the United States.	Sections 2.4 and 3.4

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Question	Response	Further Information
What is the amount that may be raised under the SPP Offer and how many new securities will be issued under the SPP Offer?	Under the SPP Offer, the Company is targeting to raise $7 million (before costs), with the ability to accept oversubscriptions of up to $3 million (before costs). The Company reserves the right to raise more or less than $7 million in its absolute discretion. If the Company raises the targeted $7 million under the SPP Offer, the number of SPP Shares that will be issued will be 43,750,000 SPP Shares. In addition, the Company may issue up to an additional 18,750,000 SPP Shares in oversubscriptions under the SPP Offer.	Section 2.1
What is the SPP Shortfall Offer?	The SPP Shortfall Offer is a separate offer under this Prospectus that may be made (if there is a Shortfall) to specific investors (invited by the Company) to subscribe for SPP Shortfall Shares. If there is a Shortfall, the Directors reserve the right to place any SPP Shortfall Shares at their discretion (at $0.16 per share), subject to Shareholder approval being obtained and to compliance with the ASX Listing Rules and Corporations Act. LR 10.11 Parties will not be permitted to participate in the SPP Shortfall Offer unless Shareholder approval is obtained in due course. In addition, the Company will not issue any SPP Shortfall Shares to an investor if the Company is aware that an issue of those Shares would contravene section 606 of the Corporations Act. For the avoidance of doubt, if the Company accepts any oversubscriptions under the SPP Offer, there will be no Shortfall and, accordingly, no SPP Shortfall Offer.	Sections 2.5, 2.12 and 3.9
What are the funds being used for under the Offers?	Proceeds from the Offers, in conjunction with funds raised under the Placement (and existing cash), will support advancement of the Company's funding initiatives and 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).	Section 4.3

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<table>
<tr><th>Question</th><th>Response</th><th>Further Information</th></tr>
<tr><td>How do I make an application under the SPP Offer?</td><td>Eligible Shareholders wishing to participate in the SPP must apply for parcels of SPP Shares under the SPP Offer in the following amounts:
<table><tr><th>Application options</th></tr><tr><td>A$2,500 of SPP Shares</td></tr><tr><td>A$5,000 of SPP Shares</td></tr><tr><td>A$10,000 of SPP Shares</td></tr><tr><td>A$20,000 of SPP Shares</td></tr><tr><td>A$25,000 of SPP Shares</td></tr><tr><td>A$30,000 (maximum) of SPP Shares</td></tr></table>Applications under the SPP Offer must be for a minimum of $2,500 and a maximum of $30,000 worth of SPP Shares.

Eligible Shareholders who wish to apply for SPP Shares under the SPP Offer must make a payment by BPAY® or electronic funds transfer in accordance with the instructions on your personalised Application Form. Electronic funds transfer payments are only available to Eligible Shareholders in New Zealand (in addition to BPAY®).

Payment must be received before 5:00pm (AEST) on the Closing Date, 9 September 2024, (unless extended, withdrawn or closed early by the Company).

Eligible Shareholders who receive more than one offer under the SPP Offer (for example, because they hold Shares in more than one capacity or in different registered holdings) may apply for SPP Shares under their various capacities but may not apply for SPP Shares with an aggregate value of more than $30,000.

If you wish to subscribe for SPP Shares as a Custodian for one or more Beneficiaries, please refer to Section 3.4 of this Prospectus.</td><td>Sections 3.1, 2.3 and 3.4</td></tr>
<tr><td>Will the Company scale back applications?</td><td>Under the SPP Offer, the Company is targeting to raise $7 million (before costs), with the ability to accept up to an additional $3 million in oversubscriptions. The SPP Offer is not underwritten and there is no guarantee that the Company will raise the targeted amount. Depending on demand, the Company may scale back applications at its absolute discretion.

The Company may, in its absolute discretion, issue to you less than the number of SPP Shares you have applied for depending on demand. If there is a Scaleback, the Company may in its absolute discretion determine to apply the Scaleback to the extent and in the manner that it sees</td><td>Section 3.5</td></tr>
</table>

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Question	Response	Further Information
	fit, including by taking into account a number of factors (but without limiting the Company's absolute discretion) that include the size of your shareholding as at the Record Date and total applications received from Eligible Shareholders. If there is a Scaleback you may not receive all the SPP Shares for which you have applied. If a Scaleback produces a fractional number when applied to your parcel, the number of SPP Shares you will be issued will be rounded down. The Company will refund to you by direct credit deposit to your nominated bank account (where you have given your nomination to the Share Registry) or by cheque, the difference between your application money and the total offer price for the New Shares issued to you (without interest).	
Can I withdraw my application?	No cooling-off rights apply to a subscription of New Shares under the Offers. This means that you cannot withdraw your application for New Shares once it has been accepted.	Section 6.7
What is the effect on control of the Company?	The Offers are not expected to have any impact on the control of the Company. The Company is of the view that the Offers will not affect the control (as defined by section 50AA of the Corporations Act) of the Company. In addition, the Company will not issue any SPP Shortfall Shares to an investor if the Company is aware that an issue of those Shares would contravene section 606 of the Corporations Act. Accordingly, no new investor or existing Shareholder is expected to have a voting power greater than 20% as a result of the completion of the Offers.	Section 4.5
What are the key risks of further investment in the Company?	Potential investors should be aware that subscribing for New Shares involves a number of risks. Please refer to Section 5 for further details of both the risks set out below and a number of other risks that are relevant to a decision to apply for New Shares. **Funding risk** The Nolans Project is a large and complex project with total capital expenditure currently estimated at US$1.2 billion (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.	Section 5

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Question	Response	Further Information
	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$775 million in senior debt facilities, an additional US$80 million for a cost overrun facility (**COF**) and a further US$200 million 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	

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Question	Response	Further Information
	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. **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. 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. 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. **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	

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Question	Response	Further Information
	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. **Shareholder approval risk** The issue of New Shares under the Offers is subject to the Company obtaining Shareholder approval for the purposes of Listing Rule 7.1 at the Meeting. The issue of Shares under Tranche 2 of the Placement is also subject to Shareholder approval at the Meeting. There is no certainty that Shareholders will approve the issue of New Shares under the Offers or the issue of Shares under Tranche 2 of the Placement. In the event Shareholder approval is not obtained (in respect of the SPP) or Shareholders do not approve Tranche 2 of the Placement, this could be expected to have an adverse impact on the Company's ability to raise the full amount of proceeds contemplated by the broader capital raising announced on 24 July 2024, and therefore may impact the ability of the Group to achieve some or all of the outcomes targeted from the proceeds of the capital raising. Further, even if Shareholders approve the issue of New Shares (including the issue of SPP Shortfall Shares), 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 achieve some or all of the outcomes targeted from the proceeds of the capital raising. Either of the above events could in turn have a materially adverse effect on the Group's financial condition and operations. Further details regarding the Shareholder approvals being sought at the Meeting, including the consequences if the 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 Meeting).	
Who should I contact if I have any queries about the Offers?	If you have any queries or require further information, please visit www.arultd.com or call the Arafura Shareholder Information Line on (+61) 1300 402 422 (toll free within Australia) between 8:30am to 5:30pm (AEST) Monday to Friday (excluding public holidays). Alternatively, contact your stockbroker, solicitor, accountant or other professional adviser.	Section 2.20

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2 Details of the Offers

2.1 SPP Offer

The share purchase plan (**SPP**) offer is an offer to Eligible Shareholders to subscribe for up to $30,000 of new fully paid ordinary shares in the Company (**SPP Shares**), subject to any Scaleback, under the SPP at an issue price of $0.16 per SPP Share (**Offer Price**) to raise up to $7 million (before costs), with the ability to accept oversubscriptions of up to a further $3 million (**SPP Offer**). The Company reserves the right to raise more or less than $7 million in its absolute discretion.

The SPP Offer to each Eligible Shareholder (whether as a Custodian or on its own account) is made on the same terms and conditions.

Eligible Shareholders may apply for SPP Shares under the SPP Offer, but are not required to do so.

SPP Shares issued under the SPP Offer will rank equally in all respects with the Company's existing Shares. Refer to Section 6.6 for a description of the rights and liabilities attaching to the Shares.

In certain circumstances, a listed company may undertake a share purchase plan in accordance with ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 (**ASIC Instrument**). This ASIC Instrument allows a registered holder (subject to particular conditions applicable to some custodians) to be issued no more than $30,000 worth of shares in any consecutive 12-month period under a share purchase plan. Similarly, ASX Listing Rule 7.2 (Exception 5) permits a listed company to issue securities under a share purchase plan without that issue counting towards the company's placement capacity under ASX Listing Rule 7.1, where (amongst other things) the issue satisfies the conditions of the ASIC Instrument. ASX Listing Rule 7.2 (Exception 5) can only be relied on once in any 12-month period.

The Company completed a share purchase plan on 25 January 2024 in reliance on ASX Listing Rule 7.2 (Exception 5) and the ASIC Instrument, and now wishes to offer Eligible Shareholders the ability to acquire up to a further $30,000 worth of New Shares under this SPP. Accordingly, given that the Company will be unable to satisfy the conditions of the ASIC Instrument for the SPP, the issue of all new securities under the SPP is being made pursuant to this Prospectus and is subject to the Company receiving prior Shareholder approval for the purposes of ASX Listing Rule 7.1 (and for all other purposes) at the Meeting.

In addition, Directors (and their associates and any other person referred to in Listing Rule 10.11) (**LR 10.11 Parties**) who are Eligible Shareholders will only be permitted to participate in the SPP Offer (on the same terms as all other Eligible Shareholders) subject to Shareholder approval.

2.2 Shareholders eligible to participate in the SPP Offer

You are eligible to participate in the SPP (an **Eligible Shareholder**) if you were a registered holder of Arafura Shares with a registered address in Australia or New Zealand as at the Record Date unless:

(a) you are in the United States or acting for the account or benefit of a person in the United States; or

(b) you hold Shares on behalf of another person who resides outside Australia or New Zealand,

in which case you will not be eligible to participate in respect of the Shares held for on behalf of that person.

Arafura has determined that it is not practical for holders of Shares with registered addresses in other countries to participate.

Arafura reserves the right to reject any application for New Shares under this Prospectus to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements.

2.3 Holders receiving more than one offer

If you are the only registered holder of Shares, but you receive more than one offer under the SPP (due to multiple registered holdings), you may only contribute a maximum of $30,000 in applying for SPP Shares.

2.4 Joint holders and Custodians

If two or more persons are recorded in the register of members of Arafura as jointly holding Shares, they are considered to be a single registered holder for the purposes of the SPP and as joint holders they are entitled to participate in the SPP in respect of that single holding only. If as joint holders you receive more than one offer under the SPP due to multiple identical holdings, you may still only contribute a maximum of $30,000 in applying for SPP Shares.

Eligible Shareholders who are "Custodians" may participate in the SPP Offer in accordance with Section 3.4.

2.5 SPP Shortfall Offer

If the SPP raises less than $7 million (before costs) then the Company may seek to raise the shortfall of funds (**Shortfall**) by way of an offer of Shares (**SPP Shortfall Shares**) to specific investors as a separate offer under this Prospectus (**SPP Shortfall Offer**). The issue price for the SPP Shortfall Shares to be issued under the SPP Shortfall Offer will be $0.16 per SPP Shortfall Share, being the price at which the SPP Shares are being offered under the SPP Offer.

The Shortfall Offer will be offered by invitation only from the Company to specific investors and the Directors reserve the right to issue SPP Shortfall Shares under the SPP Shortfall Offer at their absolute discretion. There is no guarantee that any SPP Shortfall Shares will ultimately be issued.

Shares to be issued under any SPP Shortfall Offer will be on the same terms as the Shares to be issued under the SPP Offer. Refer to Section 6.6 for a description of the rights and liabilities attaching to the Shares.

The issue of the SPP Shortfall Shares will be subject to the Company obtaining the LR 7.1 Shareholder Approval for the issue of those SPP Shortfall Shares at the Meeting. If Shareholder approval is obtained and the Directors determine to issue all (or some) of the SPP Shortfall Shares, such Shares will be issued as soon as practicable following the Meeting and in accordance with the timeframes required by the ASX Listing Rules.

LR 10.11 Parties will not be permitted to participate in the SPP Shortfall Offer unless Shareholder approval is obtained. In addition, the Company will not issue any SPP Shortfall Shares to an investor if the Company is aware that an issue of those Shares would contravene section 606 of the Corporations Act.

See also Section 3.9 in relation to the SPP Shortfall Offer. For the avoidance of doubt, if the Company accepts any oversubscriptions under the SPP Offer, there will be no Shortfall and, accordingly, no SPP Shortfall Offer.

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Proceeds from any SPP Shortfall Offer will be used for the same purposes as described in Section 4.3.

2.6 Minimum subscription

There is no minimum amount to be raised under the Offers.

2.7 Oversubscriptions

The Company reserves the right to accept oversubscriptions under the SPP Offer of up to an additional $3 million over the targeted amount of $7 million by the issue of up to an additional 18,750,000 SPP Shares at the Offer Price.

2.8 Not underwritten

The Offers are not underwritten.

2.9 Opening and closing dates for the SPP Offer

The SPP Offer will open for receipt of acceptances on 2 August 2024.

The closing date for the SPP Offer is 5:00pm (AEST) on 9 September 2024 (unless extended, withdrawn or closed early by the Company) (**Closing Date**). The Company reserves the right, subject to the Corporations Act and the ASX Listing Rules, to vary the Closing Date without prior notice. If the Closing Date is varied, subsequent dates may also be varied accordingly.

2.10 Participation is optional

Participation in the SPP is entirely optional. If you are an Eligible Shareholder, you can choose whether or not to participate.

2.11 No trading of rights

Your rights under the SPP Offer are personal to you and non-renounceable. This means you cannot transfer your right to purchase SPP Shares under the SPP Offer to anyone else.

2.12 Shareholder approvals

The issue of the New Shares under the Offers (including the issue of any SPP Shortfall Shares) is subject to the Company obtaining Shareholder approval for the purposes of Listing Rule 7.1 (and for all other purposes) (**LR 7.1 Shareholder Approval**). The Company will prepare and send a notice of meeting to Shareholders convening a general meeting of the Company, scheduled to be held on or around 4 September 2024 (**Meeting**), seeking such approval.

If the LR 7.1 Shareholder Approval at the Meeting is not obtained (that is, if Shareholders do not approve the issue of New Shares under the Offers for the purposes of Listing Rule 7.1), no New Shares under the Offers will be issued and the Company will refund all Application Monies to Applicants without interest.

In addition, LR 10.11 Parties who are Eligible Shareholders will only be permitted to participate in the SPP Offer (on the same terms as all other Eligible Shareholders) subject to Shareholder approval. To the extent LR 10.11 Parties wish to participate in the SPP Offer, the Company will seek the relevant approvals at the Meeting.

As noted above, LR 10.11 Parties will not be permitted to participate in any SPP Shortfall Offer unless Shareholder approval is obtained. These approvals will not be sought at the Meeting and will be obtained in due course (if required).

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Further details regarding the Shareholder approvals being sought at the Meeting, including the consequences if the relevant resolutions are not passed, will be set out in the notice of meeting.

2.13 Issue of SPP Shares

It is currently expected that the SPP Shares will be issued on 11 September 2024.

Where the number of SPP Shares issued is less than the number applied for, or where no issue is made, surplus Application Monies will be refunded without any interest to the Applicant as soon as practicable after the issue date. Pending the issue of the SPP Shares or payment of refunds pursuant to this Prospectus, all Application Monies will be held by the Company on trust for the Applicants in a separate trust account as required by the Corporations Act. However, the Company will be entitled to retain all interest that accrues on the trust account and each Applicant waives the right to claim interest.

The SPP Shares are transferable and may be transferred in the same manner as Shares unless classified as restricted securities under the Listing Rules and may be exercised by any other person or body corporate.

It is the responsibility of each Eligible Shareholder to confirm their holding before trading in those SPP Shares. Any person who sells SPP Shares before receiving confirmation of their holding in the form of their confirmation statement will do so at their own risk.

The Company and the Share Registry disclaim all liability, whether in negligence or otherwise, to any person who trades in SPP Shares before receiving their confirmation statement, whether on the basis of a confirmation of allocation provided by the Company, the Share Registry, a broker or otherwise.

2.14 ASX quotation

An application will be made to ASX for the Official Quotation of the New Shares offered under this Prospectus. Subject to approval being granted by ASX, it is expected that the quotation and trading of the SPP Shares issued under this Prospectus will commence on or around 12 September 2024. The quotation and trading date for any SPP Shortfall Shares will depend on the date such shares are issued. If permission is not granted by ASX for the Official Quotation of the New Shares offered by this Prospectus within 3 months after the date of this Prospectus, then the issue of New Shares will be void in accordance with section 723(3) of the Corporations Act.

The fact that ASX may grant Official Quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares.

2.15 Withdrawal

The Company reserves the right to withdraw all or part of the Offers and this Prospectus at any time, subject to applicable laws.

If the Company withdraws all or part of the Offers, the Company will refund Application Monies in relation to New Shares not already issued in accordance with the Corporations Act and without payment of interest. To the fullest extent permitted by law, an Applicant agrees that any Application Monies paid by them to the Company will not entitle them to receive any interest and that any interest earned in respect of Application Monies will belong to the Company.

2.16 Applicants outside Australia

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

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New Zealand

The SPP Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of the SPP Shares is being made in reliance on the *Financial Markets Conduct (Incidental SPP Offer) Exemption Notice 2021*.

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013*. This Prospectus is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

2.17 Brokerage and duty

No brokerage fee or stamp duty is payable by Applicants who are issued New Shares under the Offers.

2.18 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of being issued New Shares under this Prospectus or disposing of or dealing in New Shares.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with the Offers.

Before deciding to apply for New Shares, you should consider whether the Shares are a suitable investment for you. There are various risks associated with investing in Shares as set out in Section 5.

The potential tax effects of dealing in New Shares will vary between each Applicant. Applicants should satisfy themselves of any possible tax consequences by consulting their own professional tax advisers.

2.19 CHESS and issuer sponsorship

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. All trading on ASX in Shares and in Options will be settled through CHESS. ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and ASX Settlement Operating Rules. The Company's Share Registry operates an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. Both these sub-registers constitute the Company's principal register of shareholders.

Holders of New Shares will not receive a certificate but will receive a statement of their holding of New Shares.

If you are broker sponsored or a participant in CHESS, ASX Settlement will send you a CHESS statement. The CHESS statement will set out the number of New Shares issued under this Prospectus and provide details of your holder identification number and the terms and conditions applicable to the New Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by the Share Registry and will contain details of the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their holding changes. Shareholders

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may request a statement at any other time. However, a charge may apply for additional statements.

2.20 Enquiries concerning Prospectus

If you have any queries or require further information, please visit www.arultd.com or call the Arafura Shareholder Information Line on (+61) 1300 402 422 (toll free within Australia) between 8:30am to 5:30pm (AEST) Monday to Friday (excluding public holidays). Alternatively, contact your stockbroker, solicitor, accountant or other professional adviser.

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3 Applications for New Shares under the Offers

3.1 How to apply for SPP Shares under the SPP Offer

The SPP Offer opens on 2 August 2024 and under the offer you may only apply for a parcel of SPP Shares as set out in the table below. Fractional entitlements to SPP Shares will be rounded up to the nearest whole share.

Application options
A$2,500 of SPP Shares
A$5,000 of SPP Shares
A$10,000 of SPP Shares
A$20,000 of SPP Shares
A$25,000 of SPP Shares
A$30,000 (maximum) of SPP Shares

An electronic copy of this Prospectus, along with the Application Form is accessible at www.arultd.com. You will need the details of your registered holding to access these documents.

If you are unable to access the website online you can request a copy of the Prospectus and the personalised Application Form to be posted or emailed to you by contacting the Arafura Shareholder Information Line on 1300 402 422 (within Australia) and +61 1300 402 422 (outside of Australia).

To apply and pay for SPP Shares, you must make a payment by BPAY®[1] or electronic funds transfer in accordance with the instructions on your personalised Application Form. Electronic funds transfer payments are only available to Eligible Shareholders in New Zealand (in addition to BPAY®). The Company will not accept any payment method other than BPAY® (or, for Eligible Shareholders in New Zealand, electronic funds transfer) and payments by cash, cheque, electronic funds transfer (other than as referred to above), bank draft or money order will not be accepted. If you are an Eligible Shareholder in Australia and would like to participate but do not have access to BPAY®, please contact your bank or financial institution for assistance with making payment by BPAY®.

BPAY® customers must use the customer reference number shown on the Application Form which is required to identify your holding.

When paying by BPAY®, you do not need to return your Application Form. However, Custodians applying for Beneficiaries must still complete and return a Custodian Certificate (see Section 3.4 below).

3.2 Timing of SPP applications

Application Monies in relation to the SPP must be received before 5:00pm (AEST) on the Closing Date, 9 September 2024, (unless extended, withdrawn or closed early by the Company). It is the responsibility of the Applicant to ensure that Application Monies are received by this time. Once you have submitted payment, you cannot withdraw or cancel your application.

[1] ® Registered to BPAY Pty Ltd ABN 69 079 137 518.

Payment for SPP Shares may not be processed and may not be valid if it has not been received by Arafura by the time and date specified for the Closing Date. You should be aware that your financial institution may implement earlier cut-off times regarding electronic payment, and you should consider this when making payment.

Arafura expects that the SPP Shares will be issued under the SPP Offer on the date set out in the Timetable and will commence trading on ASX on the trading date specified in the Timetable. You must confirm your holding before trading in any SPP Shares you believe have been issued to you under the SPP Offer.

At any time, Arafura can change the dates set out in the Timetable (even if the SPP Offer has opened or Application Monies have been received) by lodging a revised timetable with ASX.

3.3 Calculation of SPP Shares

If your application is accepted, and subject to any Scaleback, the number of SPP Shares issued to you will be determined by dividing your application amount by the Offer Price. If this calculation produces a fractional number, the number of SPP Shares will be rounded up to the nearest whole share.

3.4 Custodians, trustees and nominees

If you are a custodian, trustee or nominee within the definition of "custodian" in *ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547* (**Custodian**), and hold Shares on behalf of one or more Beneficiaries (as defined below) on whose behalf you are participating in the offer (each a **Participating Beneficiary**), or on behalf of a "downstream custodian" within the definition of *ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547* who holds the beneficial interest in Shares on behalf of a Participating Beneficiary, you may apply for up to a maximum of $30,000 worth of SPP Shares for each Participating Beneficiary, subject to providing a notice in writing to Arafura certifying the matters set out in *ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547* at section 8(3) (**Custodian Certificate**).

Custodians should request a pro forma Custodian Certificate when making an application on behalf of Participating Beneficiaries. To request a Custodian Certificate or if you would like further information on how to apply, you should contact the Arafura Shareholder Information Line.

A Custodian has the discretion to extend the offer to the Beneficiaries. A **Beneficiary** is a person who resides in Australia or New Zealand for whom a Custodian (being an Eligible Shareholder) held Shares on the Record Date and who is not in the United States and who is not acting for the benefit of or the account of a person in the United States.

If you are not a Custodian, the rules for multiple single holdings (and joint holdings) apply and you may only contribute a maximum of $30,000 in applying for SPP Shares. You are not eligible to participate on behalf of a person who resides outside Australia and New Zealand.

3.5 Applications may be scaled back

Arafura is targeting to raise $7 million (before costs), with the ability to accept oversubscriptions up to an additional $3 million (before costs), under the SPP.

Arafura may, in its absolute discretion, issue to you less than the number of SPP Shares you have applied for depending on demand (**Scaleback**). If there is a Scaleback, Arafura may in its absolute discretion determine to apply the Scaleback to the extent and in the manner that it sees fit, including by taking into account a number of factors (but without limiting Arafura's absolute discretion) that include the size of your shareholding as at the Record Date and total applications received from Eligible Shareholders.

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If there is a Scaleback, you may not receive all the SPP Shares for which you have applied. If a Scaleback produces a fractional number when applied to your parcel, the number of SPP Shares you will be issued will be rounded down.

Arafura will refund to you by direct credit deposit to your nominated bank account (where you have given your nomination to the Share Registry) or by cheque, the difference between your Application Monies and the total offer price for the SPP Shares issued to you (without interest). Amounts less than $2.00 will not be refunded.

3.6 Arafura's discretion regarding SPP applications

Arafura may accept or reject applications for SPP Shares, including if:

(a) an Application Form is incorrectly completed, incomplete or otherwise determined by Arafura to be invalid;

(b) you are a Custodian, and Arafura is not satisfied with your certification for any reason;

(c) the correct amount corresponding to your application is not provided with the payment;

(d) a payment is not received or is incomplete or invalid;

(e) unless you are applying as a Custodian, an Applicant appears to be contributing more than $30,000 under the SPP Offer;

(f) an application is received after the time and date specified as the Closing Date. Arafura has a discretion whether or not to accept late payments; or

(g) Arafura believes you are not an Eligible Shareholder.

Arafura reserves the right to refund your payment and not issue you any SPP Shares.

3.7 Effect of making an application for SPP Shares

If you apply for, and make payment to acquire, SPP Shares under the SPP Offer:

(a) you represent and warrant that you have read and understood the terms and conditions of the SPP Offer detailed in this Prospectus;

(b) you warrant that all details and statements in your application are true and correct and not misleading (including by omission);

(c) you agree that once you have made your payment, you cannot withdraw or cancel your application and your application is unconditional;

(d) you confirm that you are an Eligible Shareholder and that you are lawfully permitted to accept the SPP Offer and participate in the SPP in accordance with the terms and conditions of the SPP Offer detailed in this Prospectus and any applicable laws;

(e) if you are applying for SPP Shares on your own behalf (and not as Custodian), you certify that, even if you have received more than one offer under the SPP or received offers in more than one capacity, the total of the application price for the following does not exceed $30,000:

  (i) the SPP Shares the subject of the application; and

  (ii) any other shares or interests in the class which you have instructed a Custodian to acquire on your behalf under the SPP Offer;

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(f) if you are a Custodian and are applying for SPP Shares with a total application price exceeding $30,000, you acknowledge and agree that you may only do so subject to you providing the Company with a Custodian Certificate;

(g) you agree to the terms and conditions of the SPP Offer detailed in this Prospectus and you agree not to do anything which would be contrary to the spirit, intention or purpose of the SPP;

(h) you agree to be bound by the Constitution of Arafura;

(i) you agree that your application is only effective when received by (or deemed to be received by), or on behalf of, Arafura;

(j) you accept the risk associated with any refund that may be sent to you by direct credit to your account as nominated to the Share Registry or cheque to your address shown on Arafura's register;

(k) you agree that Arafura and the Share Registry have not provided you with investment or financial product advice, and that they have no obligation to provide advice to you about your decision to apply for and be issued SPP Shares;

(l) you agree that Arafura is not liable for any exercise of its discretions referred to in the terms and conditions of the SPP Offer detailed in this Prospectus;

(m) you acknowledge that the market price of SPP Shares may rise or fall between the date of the SPP Offer and the issue date, and that the price you pay for SPP Shares pursuant to this Prospectus may exceed the market price of the SPP Shares on the issue date;

(n) you acknowledge that no interest will be paid on any Application Monies held pending the issue of SPP Shares or subsequently refunded to you for any reason;

(o) you acknowledge that this Prospectus does not contain all of the information that you may require in order to assess an investment in Arafura and is given in the context of Arafura's past and ongoing continuous disclosure announcements to ASX;

(p) you acknowledge that there are risks associated with acquiring and holding Shares;

(q) you acknowledge that Arafura may vary the Timetable set out in this Prospectus (including any specific dates in that Timetable);

(r) you authorise Arafura and its officers and agents to do anything on your behalf necessary for SPP Shares to be issued to you in accordance with the terms and conditions in this Prospectus;

(s) you authorise Arafura and its officers and agents to correct minor or easily rectified errors in, or omissions from, your Application Form and to complete the Application Form by the insertion of any missing minor detail;

(t) you represent that you are in compliance with all relevant laws and regulations (including, without limitation, section 1043A of the Corporations Act (insider trading)) and laws and regulations designed to restrict terrorism financing and/or money laundering; and

(u) you represent that you are not a "designated person" or "designated entity" (or other like term) for the purpose of any domestic or international law or regulation implementing United Nations sanctions.

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3.8 No US offer

If you apply to participate in the SPP or instruct a Custodian to do so on your behalf, you acknowledge and agree that:

(a) the SPP Shares have not been, and will not be, registered under the US Securities Act, or the securities laws of any state or other jurisdiction in the United States, except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;

(b) the SPP Shares may only be offered and sold outside the United States in "offshore transactions" (as defined and in reliance on Regulation S under the US Securities Act);

(c) you are not in the United States and are not acting on behalf of or for the account of a person in the United States;

(d) you must not send copies of this Prospectus or any other material relating to the SPP to any person in the United States or elsewhere outside Australia and New Zealand;

(e) if in the future you decide to sell or otherwise transfer the SPP Shares, you will only do so in standard brokered transactions on the ASX, where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or the purchaser is, a person in the United States;

(f) you must not make a payment for SPP Shares for any person resident outside Australia or New Zealand;

(g) if you are acting as a trustee, nominee or Custodian, each beneficial holder on whose behalf you are participating is resident in Australia or New Zealand and is not in the United States; and

(h) if you do not comply with these restrictions, it may result in violations of applicable securities laws.

3.9 SPP Shortfall Offer

Each person applying for SPP Shortfall Shares under the SPP Shortfall Offer represents and warrants, on its own behalf and on behalf of each person for whom it is acting, that:

(a) if not in Australia, it is a person that does not require disclosure under all applicable laws;

(b) if not in Australia, it is an Institutional Investor that has provided an appropriate investor representation in a confirmation letter signed and delivered by such investor to the joint lead managers of the Placement upon which the Company may rely;

(c) it understands that the SPP Shortfall Shares have not been, and will not be, registered under the US Securities Act, or the securities laws of any state or other jurisdiction in the United States, except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;

(d) it is not acquiring the SPP Shortfall Shares with a view to any distribution thereof;

(e) it is knowledgeable in relation to the business of the Company and capable of evaluating the merits and risks of an investment in the SPP Shortfall Shares, including income tax consequences of acquiring and disposing of the securities;

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(f) this Prospectus does not contain all of the information that it may require in order to assess an investment in Arafura and is given in the context of Arafura's past and ongoing continuous disclosure announcements to ASX;

(g) there are risks associated with acquiring and holding Shares;

(h) it has been afforded access to information about the SPP Shortfall Shares and the Company, including this Prospectus prepared by the Company and publicly available information filed by the Company that can be obtained from the ASX's website (www.asx.com.au); and

(i) it is able to bear the economic risk of any investment in the SPP Shortfall Shares.

3.10 Settling disputes

The Company may settle, in any manner it deems appropriate, any difficulties, anomalies or disputes which may arise in connection with, or by reason of, the operation of the Offers whether generally or in relation to any participant or any application for New Shares, and its decision shall be conclusive and binding on all participants and other persons to whom the determination relates.

The powers of the Company under the terms and conditions in this Prospectus may be exercised by the Directors of the Company or any delegate or representative of them.

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4 Purpose and Effect of the Offers

4.1 Purpose of this Prospectus

The purpose of this Prospectus is to make the:

(a) SPP Offer (including any oversubscriptions); and

(b) SPP Shortfall Offer.

4.2 Effect of the Offers (various scenarios)

Assuming all Shares to be issued under Tranche 2 of the Placement are issued (noting that Tranche 1 of the Placement has completed), the LR 7.1 Shareholder Approval is obtained at the Meeting in relation to the SPP and no Securities convertible into Shares are converted into Shares, the principal effects of the Offers on the Company are as follows in the various scenarios:

SPP fully subscribed (no oversubscriptions and no SPP Shortfall Offer)

If the SPP Offer is fully subscribed (i.e. there is no Shortfall) and the Company does not accept oversubscriptions:

(a) the Company will issue 43,750,000 SPP Shares under the SPP Offer and the total number of Shares on issue will increase to approximately 2,479,052,192 Shares;

(b) the cash reserves of the Company will increase by approximately $6.7 million (after deduction of the expenses of the Offers) immediately after settlement of the SPP; and

(c) the equity of Shareholders who do not participate in the SPP Offer will be diluted.

SPP not fully subscribed but all SPP Shortfall Shares are issued

If the SPP is not fully subscribed (i.e. there is a Shortfall) and the Company issues all SPP Shortfall Shares following completion of the SPP, the effect on the Company (and its capital structure) will ultimately be the same as if the SPP Offer was fully subscribed in the manner referred to above.

SPP fully subscribed with maximum oversubscriptions accepted (no SPP Shortfall Offer)

If the SPP Offer is fully subscribed and the Company accepts oversubscriptions up to the maximum amount of $3 million:

(a) the Company will issue 62,500,000 SPP Shares under the SPP Offer and the total number of Shares on issue will increase to approximately 2,497,802,192 Shares;

(b) the cash reserves of the Company will increase by approximately $9.7 million (after deduction of the expenses of the Offers) immediately after settlement of the SPP; and

(c) the equity of Shareholders who do not participate in the SPP Offer will be diluted.

4.3 Use of funds

Proceeds from the Offers, in conjunction with funds raised under the Placement (and existing cash), will support advancement of the Company's funding initiatives and 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). The Company's ASX announcement on 24 July 2024 sets out a sources and use of funds table in relation to the funds raised from the Placement, with a detailed breakdown of the line items that

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such funds are proposed to be put towards. A copy of that table is set out below (noting that the line items in the table are a more detailed sub-set of the broader uses of funds described above):

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

As noted in the announcement, proceeds raised from the SPP will be used for the same purposes noted above (in the proportions determined by the Company, as appropriate).

4.4 Effect on capital structure (maximum)

The effect of the Offers on the capital structure of the Company, if:

(a) the SPP is fully subscribed (and no SPP Shortfall Offer is made); and

(b) the Company accepts oversubscriptions to the maximum amount,

is set out below, assuming:

(c) Shareholder approval for the issue of all Shares under Tranche 2 of the Placement is obtained and those Shares are issued (noting that Tranche 1 of the Placement has completed);

(d) the LR 7.1 Shareholder Approval is obtained at the Meeting; and

(e) no Securities convertible into Shares are converted into Shares.

	Shares	Listed Options[(1)]	Unlisted Options[(2)]	Performance Rights[(3)]
Securities currently on issue	2,399,034,192	78,125,000	5,122,000	45,398,496
Securities issued under the Placement[(4)]	36,268,000	Nil	Nil	Nil
SPP Offer (fully subscribed)	43,750,000	Nil	Nil	Nil

	Shares	Listed Options[(1)]	Unlisted Options[(2)]	Performance Rights[(3)]
Oversubscriptions under the SPP Offer	18,750,000	Nil	Nil	Nil
Total	**2,497,802,192**	**78,125,000**	**5,122,000**	**45,398,496**

(1) Expiring on 20 June 2025 with an exercise price of $0.225 per Option (ASX: ARUOA).

(2) Details of unlisted Options:

Exercise Date	Exercise Price ($)	Number
31/08/2024	0.20	2,250,000
5/09/2025	0.43	2,675,000
28/02/2026	0.93	197,000

(3) Various performance conditions apply.

(4) Assumes the issue of Shares under Tranche 2 of the Placement has occurred.

4.5 Substantial Shareholders and effect on control

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below (as disclosed in substantial shareholder notices lodged with ASX):

Shareholder	No. Shares held	Relevant interest
Hancock Prospecting Pty Ltd	211,145,848	10.01%

The Company is of the view that the Offers will not affect the control (as defined by section 50AA of the Corporations Act) of the Company. In addition, the Company will not issue any SPP Shortfall Shares to an investor if the Company is aware that an issue of those Shares would contravene section 606 of the Corporations Act. Accordingly, no new investor or existing Shareholder is expected to have a voting power greater than 20% as a result of the completion of the Offers.

4.6 Pro-forma statement of financial position

Detailed below is:

(a) the unaudited statement of financial position of the Company as at 30 June 2024; and

(b) the unaudited pro forma statement of financial position of the Company as at 30 June 2024 incorporating the effect of the SPP Offer, assuming the SPP Offer is fully subscribed and the LR 7.1 Shareholder approval is obtained;

(c) the unaudited pro forma statement of financial position of the Company as at 30 June 2024 incorporating the effect of the SPP Offer assuming the maximum amount of $10 million is raised under the SPP Offer (by the Company accepting $3 million in oversubscriptions) and the LR 7.1 Shareholder approval is obtained.

Each pro-forma statement of financial position has been derived from the Company's (unaudited) consolidated statement of financial position as at 30 June 2024, and adjusted to reflect pro forma assets and liabilities of the Company as if: (i) completion of the Offers had occurred on 30 June 2024; and (ii) Shareholder approval had been obtained for the issue of

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Shares under Tranche 2 of the Placement such that the issue of all 125,000,000 Shares under the Placement to raise $20 million had occurred on 30 June 2024 (in each case, net of costs).

The pro-forma, unaudited statement of financial position excludes movements from carrying out general business operations. The pro-forma, unaudited statement of financial position is illustrative only and may not represent the financial position of the Company following the close of the Offers. The pro-forma, unaudited statement of financial position does not take into account the effect of any future exercises of any Options or other convertible securities.

	Unaudited statement of financial position as at 30 June 2024 ($)	**Pro-forma statement of financial position as at 30 June 2024**	
		SPP Offer ($)	**SPP Offer (plus oversubscriptions) ($)**
CURRENT ASSETS			
Cash and cash equivalents	42,170,343	67,870,343	70,870,343
Trade and other receivables	569,131	-	-
Total Current Assets	**42,739,474**	**68,439,474**	**71,439,474**
NON-CURRENT ASSETS			
Property, plant and equipment	327,550	-	-
Right-of-use assets	1,208,087	-	-
Deferred exploration and evaluation costs	122,363,994	-	-
Other assets	3,451,186	-	-
Total Non-Current Assets	**127,350,817**	**-**	**-**
TOTAL ASSETS	**170,090,291**	**195,790,291**	**198,790,291**
CURRENT LIABILITIES			
Trade and other payables	6,956,680	-	-
Deferred Revenue	12,288,689	-	-
Lease liabilities	496,698	-	-
Provisions	2,912,690	-	-
Total Current Liabilities	**22,654,757**	**-**	**-**

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	Unaudited statement of financial position as at 30 June 2024 ($)	Pro-forma statement of financial position as at 30 June 2024	
		SPP Offer ($)	SPP Offer (plus oversubscriptions) ($)
NON-CURRENT LIABILITIES			
Lease liabilities	252,833	-	-
Provisions	3,068,396	-	-
Total Non-Current Liabilities	**3,321,229**	**-**	**-**
TOTAL LIABILITIES	**25,975,986**	**-**	**-**
NET ASSETS	**144,114,304**	**169,814,304**	**172,814,304**
EQUITY			
Contributed equity	496,134,993	521,834,993	524,834,993
Reserves	13,829,332	-	-
Accumulated losses	(365,850,021)	-	-
TOTAL EQUITY	**144,114,304**	**169,814,304**	**172,814,304**

Notes to the pro-forma statement of financial position

The unaudited pro forma statement of financial position has been prepared by the Company and is presented in an abbreviated form. It does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial statements. It has been prepared on the basis of the accounting policies normally adopted by the Company.

4.7 Market price of Shares

The highest and lowest market sale prices of the Company's Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest:	$0.205 per Share on 17 May 2024.
Lowest:	$0.16 per Share on 17 June 2024.

The latest available closing sale price of the Company's Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was $0.17 per Share on 1 August 2024.

4.8 Dividend policy

The Company does not currently pay dividends. The Directors are not able to say when or if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

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5 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 the 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.

5.1 Company specific risks

(a) **Funding risk**

The Nolans Project is a large and complex project with total capital expenditure currently estimated at US$1.2 billion (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$775 million in senior debt facilities, an additional US$80 million for a cost overrun facility (**COF**) and a further US$200 million 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.

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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.

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

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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.

(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.

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(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.

(l) **Environmental**

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

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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*

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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.

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.

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(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:

- 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 risk**

The issue of New Shares under the Offers is subject to the Company obtaining the LR 7.1 Shareholder Approval at the Meeting. The issue of Shares under Tranche 2 of the Placement is also subject to Shareholder approval at the Meeting.

There is no certainty that Shareholders will approve the issue of New Shares under the Offers or the issue of Shares under Tranche 2 of the Placement. In the event the LR 7.1 Shareholder Approval is not obtained or Shareholders do not approve Tranche 2 of the Placement, this could be expected to have an adverse impact on the Company's ability to raise the full amount of proceeds contemplated by the broader capital raising announced on 24 July 2024, and therefore may impact the ability of the Group to achieve some or all of the outcomes targeted from the proceeds of the capital raising.

Further, even if Shareholders approve the issue of New Shares (including the issue of SPP Shortfall Shares), 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 achieve some or all of the outcomes targeted from the proceeds of the capital raising. Either of the above events could in turn have a materially adverse effect on the Group's financial condition and operations.

Further details regarding the Shareholder approvals being sought at the Meeting, including the consequences if the 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 Meeting).

5.2 General risks

(a) **Potential for dilution**

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

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

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

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(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.

5.3 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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6 Additional information

6.1 Nature of this Prospectus

This Prospectus is issued under the special prospectus content rules for continuously quoted securities (and options over them) in section 713 of the Corporations Act. This enables listed disclosing entities to issue a prospectus with less rigorous disclosure requirements if:

(a) the securities offered by the prospectus were enhanced disclosure securities at all times in the 3 months before the date of the prospectus; and

(b) during the shorter of the period during which the securities were quoted and the period of 12 months before the date of the prospectus, the company was not subject to certain exemptions or declarations prescribed by the Corporations Act.

Securities are enhanced disclosure securities if:

(a) the company is included in the Official List; and

(b) the Listing Rules apply to those securities.

The information in this Prospectus principally concerns the terms and conditions of the Offers and the information necessary to make an informed assessment of:

(a) the effect of the Offers on the Company;

(b) the rights and liabilities attaching to the New Shares offered by this Prospectus.

As the Company has been listed on ASX since 5 November 2003, a substantial amount of information concerning the Company has previously been notified to ASX and is therefore publicly available.

The Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a securities exchange. Applicants should therefore also have regard to the other publicly available information in relation to the Company and the issue of the New Shares.

6.2 Regular reporting and disclosure obligations

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

These obligations require the Company to notify ASX of information about specified events and matters as they arise for the purposes of ASX making that information available to the securities market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions) to notify ASX immediately of any information of which it becomes aware concerning the Company which a reasonable person would expect to have a material effect on the price or value of securities in the Company.

The Company is also required to prepare and lodge with ASIC both yearly and half yearly financial statements accompanied by a Directors' statement and report and an auditor's report.

All announcements made by the Company are available from ASX.

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6.3 ASX waiver

The Company has sought and obtained a waiver from Listing Rule 7.3.9 to permit the Company to include a resolution in the notice of meeting to approve the issue of Shares under the SPP Offer (and SPP Shortfall Offer) to not include a voting exclusion statement excluding the votes of persons who may participate in the SPP, on the following conditions:

(a) 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

(b) Condition 2: the notice of meeting states that any Shareholders casting votes on the resolution relating to the SPP will be excluded from participating in the SPP Shortfall Offer.

In relation to Condition 1, the Company confirms that the SPP is not underwritten.

In relation to Condition 2, the Company will include the required statement in the notice of meeting for the Meeting.

6.4 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC.

During the period that the Offers remain open, the Company will provide free of charge to any person who requests it, a copy of:

(a) the Company's Annual Report for the year ended 30 June 2023 (released to ASX on 16 August 2023), being the most recent annual financial report that has been lodged with ASIC in relation to the Company before the issue of this Prospectus;

(b) the Company's half-year financial report for the year ended 31 December 2023 (released to ASX on 21 February 2024); and

(c) the continuous disclosure notices given by the Company to notify ASX of information relating to the Company after the date of lodgement of the most recent Annual Report referred to in paragraph (a) and before the date of issue of this Prospectus. These notices are listed below:

Date	Announcement
16 August 2023	2023 Appendix 4G and Corporate Governance Statement
15 September 2023	Notice of Annual General Meeting/Proxy Form
15 September 2023	Notice of Annual General Meeting Information
15 September 2023	2023 Annual Report
5 October 2023	Sydney Mining Club Presentation
16 October 2023	Notification of cessation of securities – ARU
19 October 2023	Chairman's address
19 October 2023	AGM Presentation
19 October 2023	Results of the 2023 Annual General Meeting
27 October 2023	Date of Quarterly Report and Briefing
31 October 2023	Quarterly Activities Report and Appendix 5B
22 November 2023	FY23 Sustainability Report

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Date	Announcement
27 November 2023	Indigenous Land Use Agreement Registered
4 December 2023	Indicative Financing Support from KEXIM
7 December 2023	Notification regarding unquoted securities - ARU
13 December 2023	Pause in Trading
13 December 2023	Trading Halt
13 December 2023	Arafura Launches A$20m placement and A$10m SPP
13 December 2023	Investor Presentation
13 December 2023	Proposed issue of securities – ARU
13 December 2023	Proposed issue of securities – ARU
14 December 2023	Completion of bookbuild for upsized $25m placement
14 December 2023	Proposed issue of securities
15 December 2023	Options Prospectus
15 December 2023	Target Market Determination
19 December 2023	Application for Quotation of Securities - ARU
19 December 2023	Application for Quotation of Securities - ARU
20 December 2023	Cleansing Notice
21 December 2023	Despatch of SPP Documents
21 December 2023	Chairman's letter to shareholders - SPP
21 December 2023	Share Purchase Plan Booklet
21 December 2023	Options Quotation
4 January 2024	Notification of cessation of securities - ARU
19 January 2024	Date of Quarterly Report and Briefing
25 January 2024	Quarterly Activities report and Appendix 5B
25 January 2024	Security Purchase Plan Results
25 January 2024	Application for Quotation of Securities - ARU
25 January 2024	Change of Directors' Interest Notices
29 January 2024	Expiry of Quoted Options - ARUO
29 January 2024	Expiry of Quoted Options – ARUO Update
30 January 2024	Expiry of ARUO quoted options
5 February 2024	Appointment of Managing Director and CEO
7 February 2024	Final Director's Interest Notice
12 February 2024	Gas supply agreements signed with Mereenie JV Partners
12 February 2024	CTP: Central signs Gas Supply Agreement with Arafura
13 February 2024	NZO: SIGNS GAS SUPPLY AGREEMENT WITH ARAFURA RARE EARTHS
15 February 2024	Bell Potter Unearthed Resources Conference
19 February 2024	CTP: Update to Arafura Gas Supply Agreement Announcement
21 February 2024	Half Year Accounts
6 March 2024	Notification of cessation of securities - ARU

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Date	Announcement
6 March 2024	Quoted Options Expire
13 March 2024	Pause in Trade
13 March 2024	Trading Halt
14 March 2024	Commonwealth Government supports Nolans with US$533m package
19 March 2024	Change of Director's Interest Notice
19 March 2024	Mineral Sands and Rare Earths Conference Presentation
3 April 2024	Appointment of Non-Executive Directors
5 April 2024	Notification regarding unquoted securities - ARU
10 April 2024	Arafura announces executive leadership changes
10 April 2024	Initial Director's Interest Notice
22 April 2024	Rare Earths Conference Presentation
23 April 2024	Date of Quarterly Report and Briefing
29 April 2024	Quarterly Activities Report and Appendix 5B
2 May 2024	Change of Auditor
27 May 2024	EDC provides conditional approval for US$300m debt facility
29 May 2024	Critical Minerals Conference Presentation
19 June 2024	Change of Director's Interest Notice
1 July 2024	Conditional approval for up to US$150m from KEXIM
4 July 2024	Arafura confirms German ECA support with Euler Hermes
11 July 2024	Notification of cessation of securities – ARU
23 July 2024	Arafura achieves major debt funding milestone
23 July 2024	Arafura achieves major debt funding milestone presentation
23 July 2024	Quarterly Activities Report and Appendix 5B
24 July 2024	Trading Halt
24 July 2024	Arafura launches A$20m placement and A$7m SPP
24 July 2024	Proposed issue of securities - ARU
24 July 2024	Proposed issue of securities - ARU
25 July 2024	Completion of A$20m institutional placement
26 July 2024	Retirement of Non-Executive Director
26 July 2024	Final Director's Interest Notice
29 July 2024	Gas supply agreement with Mereenie JV Partners updated
29 July 2024	CTP: New Gas Sale Agreements
29 July 2024	CUE: Cue signs six-year Gas Sales Agreements with NT Gov
29 July 2024	HZN: New Gas Sales Agreements
31 July 2024	Application for quotation of securities – ARU
1 August 2024	Cleansing Notice
1 August 2024	Change of Director's Interest Notice

6.5 No information excluded from continuous disclosure

Other than as set out in this Prospectus and the accompanying documents, there is no information which:

(a) has been excluded from a continuous disclosure notice in accordance with the Listing Rules; and

(b) is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:

(i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and

(ii) the rights and liabilities attaching to the New Shares being offered by this Prospectus.

6.6 Rights and liabilities attaching to Shares

New Shares to be issued under this Prospectus will be of the same class and will rank equally in all respects with the existing Shares. The rights and liabilities attached to any New Shares are identical in all respects to the terms of all existing Shares.

A summary of the rights and liabilities attaching to Shares in the Company is set out below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge and is also available on the Company's website) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek independent legal advice.

(a) **Voting**

At a general meeting of the Company, on a show of hands every Shareholder present has one vote. At the taking of a poll, every Shareholder present (and every Shareholder who has duly lodged a valid direct vote) and whose shares are fully paid has one vote for each of his or her shares. On a poll, the holder of a partly paid share has a fraction of a vote with respect to the share. The fraction is equivalent to the proportion which the amount paid (not credited) bears to the total amount paid and payable (excluding amounts credited).

(b) **General meetings**

Each Shareholder is entitled to receive notice of general meetings of the Company and to receive all financial statements as required by the Corporations Act or the Listing Rules.

(c) **Dividends**

The Directors may declare a dividend or determine that a dividend is payable and fix the amount, the time for payment and the method of payment.

(d) **Transfer of shares**

Generally, all shares in the Company are freely transferable, subject to the procedural requirements of the Constitution, and to the provisions of the Corporations Act, the ASX Settlement Operating Rules and the Listing Rules. The Company may decline to register an instrument of transfer received where the transfer is not in registrable form

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or where refusal is otherwise permitted under the Constitution. If the Company declines to register a transfer, the Company must give notice of the refusal as required by the Constitution.

(e) **Variation of rights**

The Company may only vary the rights attaching to any shares by a special resolution of the Company, and with the written consent of the holders of 75% of the shares of the class or by a special resolution passed at a meeting of the holders of shares of the class.

(f) **Directors**

The minimum number of Directors is three and the maximum is ten. Currently, there are five Directors. There must be an election of directors at every annual general meeting of the Company, and no director (who is not the managing director) may hold office without re-election beyond the third annual general meeting following that director's appointment or last election or for more than three years, whichever is longer. A retiring Director is eligible for re-election. The Directors may appoint a director either in addition to existing Directors or to fill a casual vacancy, and that Director then holds office until the next annual general meeting.

(g) **Decisions of Directors**

Questions arising at a meeting of Directors are decided by a majority of votes. The Chairperson has a casting vote if necessary.

(h) **Issue of further shares**

Subject to the Corporations Act, the Listing Rules and the Constitution, the Directors may issue shares (and other securities) in the Company. Subject to the Corporations Act, the Company may issue preference shares which are, or at the option of the Company or holder are, liable to be redeemed or convertible into ordinary shares.

(i) **Officers' indemnity**

The Company may indemnify on a full indemnity basis every person who is or has been a director, alternate director or executive officer of the Company and, where the Directors consider it appropriate to do so, any person who is or has been an officer or auditor of the Company or a related body corporate of the Company, against all liability incurred by that person in his or her capacity as an officer of the Company or of the related body corporate (as the case may be) to the fullest extent permitted by law.

(j) **Alteration to the Constitution**

The Corporations Act provides that the Constitution can only be amended by a special resolution passed by at least 75% of Shareholders present and voting at a general meeting.

(k) **Listing Rules prevail**

To the extent that there are any inconsistencies between the Constitution and the Listing Rules, the Listing Rules prevail.

6.7 No cooling-off rights

No cooling-off rights apply to a subscription of New Shares under the Offers. This means that you cannot withdraw your application for New Shares once it has been accepted.

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6.8 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

6.9 Directors' interests

Except as disclosed in this Prospectus, no Director or proposed director, and no firm in which a Director or proposed director has an interest:

(a) has any interest nor has had any interest in the two years prior to the date of this Prospectus in the formation or promotion of the Company, the Offers or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or

(b) has been paid or given or will be paid or given any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offers.

The table below shows the interest of each Director (whether held directly or indirectly) in Securities as at the date of this Prospectus:

Name	Shares	Options	Performance Rights
Mark Southey	912,900	Nil	Nil
Cathy Moises	363,601	Nil	Nil
Darryl Cuzzubbo	450,000	Nil	Nil
Michael Spreadborough	610,000	Nil	Nil
Roger Higgins	500,000	Nil	Nil

Directors may hold the relevant interests in Securities shown above directly, or through holdings by companies, trusts or other persons with whom they are associated.

The above table does not take into account any New Shares the Directors may apply for under the SPP Offer.

Directors of the Company who are Eligible Shareholders may not participate in the SPP Offer unless Shareholder approval is obtained at the Meeting for the purposes of Listing Rule 10.11.

6.10 Directors' remuneration

The Constitution provides that each Director is entitled to such remuneration from the Company for his or her services as a Director as the Directors decide but the total amount provided to all Directors for their services as Directors must not exceed in aggregate in any financial year the amount fixed by the Company in general meeting.

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The Directors (and their associated entities) received the following remuneration for the previous two financial years:

Remuneration for the year ended 30 June 2024

Director	Directors Fees and Salary ($)	Superannuation ($)	Bonus ($)	Share Based Payments ($)	Total ($)
Mark Southey	155,496	17,105	-	-	172,601
Darryl Cuzzubbo (as NED)[#]	99,730	10,970	-	-	110,700
Darryl Cuzzubbo (as MD)[#]	307,749	12,956	-	-	320,706
Cathy Moises	81,081	8,919	-	-	90,000
Michael Spreadborough*	18,694	2,056	-	-	20,750
Roger Higgins*	18,694	2,056	-	-	20,750

[#]Appointed Managing Director on 5 February 2024.
*Appointed on 8 April 2024.

Remuneration for the year ended 30 June 2023

Director	Directors Fees and Salary ($)	Superannuation ($)	Bonus ($)	Share Based Payments ($)	Total ($)
Mark Southey	156,199	16,401	Nil	Nil	172,600
Cathy Moises	81,448	8,552	Nil	Nil	90,000
Darryl Cuzzubbo	81,448	8,552	Nil	Nil	90,000

6.11 Interests of other persons

Other than as set out below or elsewhere in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, and no promoter of the Company, holds, or held at any time during the two years prior to the date of this Prospectus, any interest in:

(a) the formation or promotion of the Company;

(b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offers; or

(c) the Offers,

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and no amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given to any of these persons for services rendered by them in connection with the formation or promotion of the Company or in connection with the Offers.

Johnson Winter Slattery have acted as lawyers to the Company in connection with the Offers. The Company estimates that it will pay Johnson Winter Slattery approximately $100,000 (excluding GST and disbursements) for these legal services.

6.12 Expenses of Offers

The estimated expenses of the Offers are as follows:

Expense	$
ASIC Lodgement fee	3,206
ASX quotation fee	25,969
Legal and preparation expenses	128,600
Share registry services (including for the Meeting) and mailing	111,400
Total	**269,175**

6.13 Consents

Each of the parties referred to in this Section:

(a) has not authorised or caused the issue of this Prospectus;

(b) does not make, or purport to make, any statement in this Prospectus other than as specified in this Section;

(c) has not made any statement on which a statement in this Prospectus is based, other than as specified in this Section; and

(d) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus other than the reference to its name and the statement (if any) included in this Prospectus with the consent of that party as specified in this Section.

The following consents have been given in accordance with the Corporations Act and have not been withdrawn as at the date of lodgement of this Prospectus with ASIC:

(e) Johnson Winter Slattery have given, and at the time of lodgement of this Prospectus, have not withdrawn, their written consent to being named in this Prospectus as lawyers to the Company in respect of the Offers in the form and context in which they are named.

(f) Link Market Services Limited has given and, at the time of lodgement of this Prospectus, has not withdrawn its written consent to being named in this Prospectus as the share registry to the Company in respect of the Offers in the form and context in which it is named.

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7 Directors' authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

This Prospectus is signed for and on behalf of Company by:



Darryl Cuzzubbo
Managing Director and Chief Executive Officer
Arafura Rare Earths Limited

Dated: 2 August 2024

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Glossary of terms

A$** or **$ means Australian dollars.

Applicant means a person who submits an Application Form or payment.

Application Form means an application form attached to or accompanying this Prospectus in relation to either the SPP Offer or the SPP Shortfall Offer (as applicable).

Application Monies means application monies for New Shares received by the Company from an Applicant.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

ASX Settlement means ASX Settlement Pty Ltd ACN 008 504 532.

ASX Settlement Operating Rules means the operating rules of ASX Settlement and, to the extent that they are applicable, the operating rules of each of ASX and ASX Clear Pty Limited ACN 001 314 503.

Beneficiary has the meaning given in Section 3.4.

Business Day means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

CHESS means ASX Clearing House Electronic Subregistry System.

Closing Date has the meaning given in Section 2.9.

Company or **Arafura** means Arafura Rare Earths Limited (ASX: ARU) ABN 22 080 933 455.

Constitution means the constitution of the Company as at the date of this Prospectus.

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

Custodian has the meaning given in Section 3.4.

Custodian Certificate has the meaning given in Section 3.4.

Directors mean the directors of the Company as at the date of this Prospectus.

Eligible Shareholder has the meaning given in Section 2.2.

Group means the Company and its subsidiaries.

GST has the meaning given in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) as amended.

Institutional Investor means an investor that:

(a) if in **Canada (British Columbia, Ontario and Quebec provinces only)**, is an "accredited investor" as defined in National Instrument 45-106 – Prospectus Exemptions ("NI 45-106");

(b) if in **Hong Kong**, is a "professional investor" (as defined in the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong);

(c) if in **New Zealand**, is a person who (i) is an investment business within the meaning of clause 37 of Schedule 1 of the Financial Markets Conduct Act 2013 (New Zealand)

(the "FMC Act"), (ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act, (iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act, (iv) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act or (v) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act (and, if an eligible investor, have provided the necessary certification);

(d) if in **Norway**, is a "professional client" as defined in Norwegian Securities Trading Act of 29 June 2007 no. 75;

(e) if in **Singapore**, is an "institutional investor" or an "accredited investor" (as such terms are defined in the Securities and Futures Act 2001 of Singapore ("SFA"));

(f) if in **Switzerland**, is a "professional client" within the meaning of article 4(3) of the Swiss Financial Services Act ("FinSA") or have validly elected to be treated as a professional client pursuant to article 5(1) of the FinSA;

(g) if in **United Arab Emirates (excluding financial zones)**, is a "professional investor" (as defined in the Securities and Commodities Authority Board of Directors' Decision No.13/RM of 2021, as amended);

(h) if in the **United Kingdom**, is a "qualified investor" within the meaning of Article 2(e) of the UK Prospectus Regulation; and within the categories of persons referred to in Article 19(5) (investment professionals) or Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended; or

(i) if in the **United States**, is either (i) a "qualified institutional buyer" (as defined in Rule 144A under the US Securities Act) or (ii) dealer or other professional fiduciary organized or incorporated in the United States that is 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 it exercises investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the US Securities Act.

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

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

LR 7.1 Shareholder Approval has the meaning given in Section 2.12.

LR 10.11 Parties has the meaning given in Section 2.1.

Meeting has the meaning given in Section 2.12.

New Shares means SPP Shares or SPP Shortfall Shares, or both, as the context requires.

Nolans Project means the Company's Nolans NdPr Project located in the Northern Territory of Australia.

Offers means the SPP Offer and the SPP Shortfall Offer under this Prospectus.

Offer Price has the meaning given in Section 2.1.

Official List means the official list of ASX.

Official Quotation means quotation on the Official List.

Option means an option to acquire a Share.

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Participating Beneficiary has the meaning given in Section 3.4.

Performance Right means a right to acquire a Share upon the satisfaction of conditions.

Placement means the fully underwritten placement to institutional and sophisticated investors to raise $20 million (before costs) across two tranches (with Tranche 2 being subject to Shareholder approval), as announced by the Company on 24 July 2024.

Prospectus means this prospectus dated 2 August 2024 and lodged with ASIC and includes any supplementary or replacement prospectus.

Record Date means 7:00pm (AEST) on 23 July 2024.

Scaleback has the meaning given in Section 3.5

Section means a section of this Prospectus.

Security means a Share, Option or Performance Right.

Share Registry means Link Market Services Limited.

Shareholder means a holder of Shares.

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

Shortfall has the meaning given in Section 2.5.

SPP has the meaning given in Section 2.1.

SPP Offer has the meaning given in Section 2.1.

SPP Shares has the meaning given in Section 2.1.

SPP Shortfall Offer has the meaning given in Section 2.5.

SPP Shortfall Shares has the meaning given in Section 2.5.

Timetable means the indicative timetable set out in this Prospectus.

US Securities Act means the US Securities Act of 1933.

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