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Arafura Rare Earths Limited

ABN 22 080 933 455

NOTICE OF GENERAL MEETING

AND

EXPLANATORY MEMORANDUM TO SHAREHOLDERS

DATE OF MEETING	TIME OF MEETING	PLACE OF MEETING
Wednesday 4 September 2024	10.00am AWST	Arafura Rare Earths Limited Level 6, 432 Murray Street, Perth WA 6000

A PROXY FORM IS ATTACHED

Please read the Notice and Explanatory Memorandum carefully.

If you are unable to attend the Meeting, please complete and return the attached proxy form (or otherwise submit a proxy vote) in accordance with the specified instructions.

Arafura Rare Earths Limited

ABN 22 080 933 455

Notice of General Meeting

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Notice is given that a General Meeting of the Company will be held at the offices of **Arafura Rare Earths Limited, Level 6, 432 Murray Street, Perth, WA 6000,** on Wednesday 4 September 2024 at 10.00am AWST.

Agenda

Ordinary Business

An Explanatory Memorandum containing information in relation to each of the following resolutions accompanies this Notice of General Meeting.

Resolution 1 – Ratification of Previous Issue of Shares under Tranche 1 of the Placement

To consider and, if thought fit, to pass the following as an ordinary resolution:

> *"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 88,732,000 Shares to various sophisticated and institutional investors under Tranche 1 of the Placement for the purposes and on the terms set out in the Explanatory Memorandum."*

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who participated in the issue or any associates (as defined in the Listing Rules) of those persons.

However, the Company need not disregard a vote cast in favour of this Resolution by:

(a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or

(b) the Chairperson of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairperson to vote on the Resolution as the Chairperson decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

  (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and

  (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 2 – Issue of Shares under Tranche 2 of the Placement

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

> *"That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 36,268,000 Shares to various sophisticated and institutional investors under Tranche 2 of the Placement for the purposes and on the terms set out in the Explanatory Memorandum."*

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company), or any associates (as defined in the Listing Rules) of those persons.

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However, the Company need not disregard a vote cast in favour of this Resolution by:

(a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or

(b) the Chairperson of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairperson to vote on the Resolution as the Chairperson decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and

(ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 3 – Issue of Shares under the SPP (including under the SPP Shortfall Offer)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 62,500,000 Shares under the SPP (including under the SPP Shortfall Offer) for the purposes and on the terms set out in the Explanatory Memorandum."

Voting Exclusion Statement

The Company has been granted a waiver from ASX in respect of Listing Rule 7.3.9 to the extent necessary to permit this Resolution 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 the Resolution by any proposed underwriter or sub-underwriter of the SPP; and

(b) Condition 2: the Notice states that any Shareholders casting votes on the Resolution 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, any Shareholders casting votes on the Resolution will be excluded from participating in the SPP Shortfall Offer.

Resolution 4 – Issue of Shares to Directors under the SPP

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, subject to Shareholder approval of Resolution 3, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to $30,000 worth of Shares under the SPP to each Director (or that Director's associates) where the Director (or its associate) is an eligible shareholder for the purposes of the SPP, on the terms set out in the Explanatory Memorandum."

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

(a) each Director (and its associates) that is (in each case) an eligible shareholder for the purposes of the SPP, or any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company); or

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(b) any associates (as defined in the Listing Rules) of those persons.

However, the Company need not disregard a vote cast in favour of this Resolution by:

(a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or

(b) the Chairperson of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairperson to vote on the Resolution as the Chairperson decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and

(ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Other business

To deal with any other business which may be brought forward in accordance with the Company's Constitution or the Corporations Act.

Explanatory Memorandum

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of General Meeting.

Capitalised terms which are not otherwise defined in this Notice of General Meeting and Explanatory Memorandum are defined in **Annexure A** to the Explanatory Memorandum.

Resolution 4 is dependent on Resolution 3 being passed

Resolution 4 is dependent on Resolution 3 being passed. No other Resolution is inter-dependent. This means that, other than in respect of Resolution 4, a Resolution may be passed notwithstanding that another Resolution is not passed.

Snapshot date

It has been determined that in accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), for the purposes of the General Meeting, Shares will be taken to be held by the persons who are the registered holders at **5.00pm AWST on 2 September 2024**. Accordingly, Share transfers registered after that time will be disregarded in determining entitlements to vote at the Meeting.

Holders of Options or other convertible securities issued by the Company who are not Shareholders but who wish to vote as Shareholders at the Meeting are required to lodge valid exercise notices with the Company no later than 1 week before the Meeting to allow sufficient time for the Shares to be issued by the Company.

Chairperson and Chairperson's voting intentions for undirected proxies

It is proposed that the Meeting be chaired by Mr Darryl Cuzzubbo, the Managing Director and CEO of the Company. It is the Chairperson's intention to vote undirected proxies which he holds as proxy in favour of all Resolutions where

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possible. In exceptional circumstances, the Chairperson may change his voting intention on any Resolution, in which case an ASX announcement will be made.

How to vote

You may vote by attending the Meeting in person, by proxy or by authorised representative. A corporate Shareholder may also appoint a corporate representative.

Voting in person

To vote in person, attend the Meeting on the date and at the place set out above. The Meeting will commence at **10.00am AWST on 4 September 2024.**

Voting by proxy

A Shareholder entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be a Shareholder and can be either an individual or a body corporate. If a Shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act; and
- provides satisfactory evidence of the appointment of its corporate representative.

If such evidence is not received, then the body corporate (through its representative) will not be permitted to act as a proxy.

A Shareholder that is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes.

The Proxy Form also provides further details on appointing proxies and lodging Proxy Forms.

Proxy voting online

Shareholders may submit a proxy vote online at www.linkmarketservices.com.au. To vote online, select 'Investor Login' and enter Arafura Rare Earths Limited or ASX code 'ARU' in the 'Issuer Name' field, your Securityholder Reference Number ('SRN') or Holder Identification Number ('HIN') (which is shown on the front of your Proxy Form), postcode, complete the security process and click 'Login'. Select the 'Voting' tab and then follow the prompts. You will be taken to have signed and returned your Proxy Form if you vote online in accordance with the instructions given on the website. If you choose to vote online, you must vote by no later than 10.00am AWST on 2 September 2024.

Proxy voting by mobile

Shareholders may submit a proxy vote by mobile by scanning the QR code on their Proxy Form and following the prompts. You will be taken to have signed and returned your Proxy Form if you vote by mobile in accordance with the instructions given. If you choose to vote by mobile, you must vote by no later than 10.00am AWST on 2 September 2024.

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Lodgement of Physical Proxy Forms

Shareholders who wish to lodge physical proxy forms must return their Proxy Forms by:

- mail to Arafura Rare Earths Limited, C/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235 Australia;
- facsimile to +61 2 9287 0309; or
- hand to Link Market Services Limited, Parramatta Square, Level 22, Tower 6, 10 Darcy Street, Parramatta NSW 2150 Australia,

so that they are received no later than 10.00am AWST on 2 September 2024.

Proxy Forms or proxy voting instructions received after 10.00am AWST on 2 September 2024 will be invalid.

If a proxy is executed by an attorney of a Shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must also be received by the Company by the above deadline.

Voting by corporate representative

To appoint a corporate representative, download and fill out the 'Appointment of Corporate Representation' form from Link Market Services Limited's website – www.linkmarketservices.com.au. Hover over 'Resources' and click on 'Forms' and then select 'Holding Management'.

By order of the Board

Dated 30 July 2024



Catherine Huynh
Company Secretary

Arafura Rare Earths Limited

ABN 22 080 933 455

Explanatory Memorandum

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Introduction

This Explanatory Memorandum has been prepared to assist Shareholders to understand information in relation to the business to be put to Shareholders at the General Meeting.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of General Meeting. Please refer to **Annexure A** for definitions of capitalised terms in the Notice of General Meeting and Explanatory Memorandum.

Business

1 Background to Resolutions

On 24 July 2024, the Company announced:

(a) a placement of Shares at an issue price of $0.16 per new Share (**Offer Price**) to raise $20 million (before costs) from various sophisticated and institutional investors in two tranches, with the second tranche subject to Shareholder approval (**Placement**); and

(b) a share purchase plan to raise up to $7 million (with the ability to accept over subscriptions of up to a further $3 million) at the same issue price as under the Placement (**SPP**),

(**Capital Raising Announcement**).

Placement

Tranche 1 of the Placement completed on 1 August 2024 and a total of 88,732,000 Shares (**Tranche 1 Shares**) were issued to the relevant subscribers raising a total of $14,197,120 (before costs). These Shares were issued pursuant to the Company's available placement capacity under Listing Rule 7.1 and the issue did not require Shareholder approval.

Tranche 2 will, subject to Shareholder approval, result in the issue of up to a further 36,268,000 Shares at the Offer Price (**Tranche 2 Shares**) to raise approximately $5.8 million (before costs).

The specific details of each tranche of the Placement is set out in the table below:

Description	Number of Shares issued/to be issued	Funds raised/to be raised
Tranche 1	88,732,000 Shares issued on 1 August 2024	$14,197,120 raised
Tranche 2	Up to 36,268,000 to be issued	$5,802,880 to be raised
Total	**125,000,000**	**$20,000,000**

The Placement is, subject to Shareholder approval for Tranche 2 of the Placement and other customary conditions, fully underwritten by Canaccord Genuity (Australia) Limited and UBS Securities Australia Limited, who acted as Joint Lead Managers and Bookrunners to the Placement (**JLMs**).

SPP and SPP Shortfall Offer

Under the SPP, eligible Shareholders may subscribe for up to $30,000 of new Shares in the Company at the same issue price as under the Placement. The SPP offer is being made through a prospectus that was lodged with ASIC and released to ASX on 2 August 2024 (**Prospectus**). The SPP opened on 2 August 2024 and is scheduled to close on 9 September 2024 (unless otherwise extended).

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The Company may accept oversubscriptions under the SPP 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 Shares.

The total number of Shares that may be issued under the SPP (in the various scenarios) is set out in the table below:

Scenario 1: SPP is fully subscribed	Scenario 2: SPP is fully subscribed with maximum oversubscriptions accepted
43,750,000 Shares	62,500,000 Shares

The SPP provides that, if the SPP raises less than $7 million (before costs) then the Company may seek to raise the shortfall of funds by way of an offer of Shares (**SPP Shortfall Shares**) to specific investors as a separate offer under the Prospectus (**SPP Shortfall Offer**). Any SPP Shortfall Shares issued will be issued at the same issue price as under the Placement and SPP. If there is a shortfall, and all SPP Shortfall Shares are issued, then the total number of Shares issued under the SPP and the SPP Shortfall Offer would be the same as the number of Shares issued if the SPP were fully subscribed (as set out in the table above under Scenario 1).

For the avoidance of doubt, if the Company accepts any oversubscriptions under the SPP, there will be no shortfall under the SPP and, accordingly, no SPP Shortfall Offer.

The issue of all Shares under the SPP (including the issue of any SPP Shortfall Shares) is subject to Shareholder approval. Resolution 3 seeks that Shareholder approval.

Directors (and their associates and any other person referred to in Listing Rule 10.11) may only participate in the SPP subject to Shareholder approval. Resolution 4 seeks that Shareholder approval. In addition, Directors (and their associates and any other person referred to in Listing Rule 10.11) will not be permitted to participate in the SPP Shortfall Offer unless Shareholder approval is obtained. These approvals will not be sought at the Meeting (and will only be sought if such participation is intended).

Further details about the Placement, the SPP and the capital raising more broadly are contained in the Capital Raising Announcement, the Company's ASX announcement dated 25 July 2024 and the Prospectus.

Listing Rule 7.1

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Listing Rule 7.4

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further Equity Securities without shareholder approval under that rule.

Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue Equity Securities to (among others) a related party or an associate (as defined in the Listing Rules) of a related party unless it obtains the approval of its shareholders. A "related party" includes a director.

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2 Resolution 1 – Ratification of Previous Issue of Shares under Tranche 1 of the Placement

Please refer to the "Background to Resolutions" above for information about the Placement and Listing Rules 7.1 and 7.4.

Shareholder approval sought

The issue of the Tranche 1 Shares did not fit within any of the exceptions to Listing Rule 7.1 and, as it has not yet been approved by Shareholders, has used up a significant portion of the Company's 15% limit under Listing Rule 7.1, reducing (to essentially zero) the Company's capacity to issue further Equity Securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Tranche 1 Shares.

Under this Resolution, the Company seeks Shareholder approval for, and ratification of, the issue of the Tranche 1 Shares under and for the purposes of Listing Rule 7.4 so as to retain as much flexibility as possible to issue additional Equity Securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

If this Resolution is passed, the issue of the Tranche 1 Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, increasing the number of Equity Securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Tranche 1 Shares.

If this Resolution is not passed, the issue of the Tranche 1 Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, and will continue to restrict the number of Equity Securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Tranche 1 Shares.

Information required by Listing Rule 7.5

Listing Rule 7.5 requires the following specific information to be provided in relation to this Resolution:

(a) The Tranche 1 Shares were issued to various Australian and international sophisticated and institutional investors. Some of the investors were introduced to the Company by the JLMs as part of the bookbuild process for the Placement and the other investors were known to the Company. None of the investors who participated in Tranche 1 of the Placement were material investors whose identity is required to be disclosed under ASX Guidance Note 21.

(b) 88,732,000 fully paid ordinary shares in the capital of the Company were issued under Tranche 1 of the Placement.

(c) The Tranche 1 Shares were issued on 1 August 2024.

(d) The issue price for the Tranche 1 Shares was $0.16 per Share.

(e) The purpose of the issue was to raise capital. Funds raised from the Placement (in conjunction with funds raised under the SPP) are intended to be used 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).

(f) There are no further material terms to disclose in respect of the Tranche 1 Shares.

(g) A voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting.

Board recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

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3 Resolution 2 – Issue of Shares under Tranche 2 of the Placement

Please refer to the "Background to Resolutions" above for information about the Placement and Listing Rule 7.1.

Shareholder approval sought

The agreement to issue the Tranche 2 Shares did not fit within any of the exceptions to Listing Rule 7.1 and would exceed the 15% limit in Listing Rule 7.1 at the time of agreement. As such, the agreement to issue (and the issue) of the Tranche 2 Shares was conditional on, and requires, the approval of the Company's Shareholders under Listing Rule 7.1.

Under this Resolution, the Company seeks Shareholder approval for the issue of up to 36,268,000 Shares to sophisticated and institutional investors under Tranche 2 of the Placement for the purposes of Listing Rule 7.1, so as to permit the issue of these Tranche 2 Shares to proceed.

If Resolution 2 is passed, the Company will be able to proceed with the issue of the Tranche 2 Shares and the issue will be excluded from the calculation of the Company's 15% limit under Listing Rule 7.1.

If Resolution 2 is not passed, the Company will not be able to proceed with the issue of the Tranche 2 Shares and will not raise the full amount under the Placement.

Information required by Listing Rule 7.3

Listing Rule 7.3 requires the following specific information to be provided in relation to this Resolution:

(a) Up to 36,268,000 fully paid ordinary shares in the capital of the Company may be issued to various Australian and international sophisticated and institutional investors and/or the JLMs. Some of the investors were introduced to the Company by the JLMs as part of the bookbuild process for the Placement and the other investors were known to the Company. None of the investors who will participate in Tranche 2 of the Placement are material investors whose identity is required to be disclosed under ASX Guidance Note 21.

(b) The Tranche 2 Shares will be issued on or about 9 September 2024, and in any event within 3 months after the date of the Meeting.

(c) The Tranche 2 Shares will be issued at the Offer Price of $0.16 per Share.

(d) The purpose of the issue is to raise capital. Funds raised from the Placement (in conjunction with funds raised under the SPP) are intended to be used 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).

(e) There are no further material terms to disclose in respect of the Tranche 2 Shares.

(f) A voting exclusion applies to Resolution 2 in the terms set out in the Notice of Meeting.

Board recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 2.

4 Resolution 3 – Issue of Shares under the SPP (including under the SPP Shortfall Offer)

Please refer to the "Background to Resolutions" above for information about the SPP, the SPP Shortfall Offer and Listing Rule 7.1.

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

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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, 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 Listing Rule 7.1, where (amongst other things) the issue satisfies the conditions of the ASIC Instrument. Listing Rule 7.2 (Exception 5) can only be relied upon once in any 12-month period.

The Company completed a share purchase plan on 25 January 2024 in reliance on Listing Rule 7.2 (Exception 5) and the ASIC Instrument, and is now offering eligible Shareholders the ability to acquire up to a further $30,000 worth of Shares under the SPP.

Accordingly, given that the Company is unable to satisfy the conditions of the ASIC Instrument for the SPP or rely on Listing Rule 7.2 (Exception 5) twice in a 12 month period, the issue of all Shares under the SPP is being made pursuant to the Prospectus and is subject to the Company receiving prior Shareholder approval for the purposes of Listing Rule 7.1 (and for all other purposes) at this General Meeting.

As noted above, to the extent that the SPP offer is not fully subscribed for by eligible shareholders under the SPP and raises less than $7 million (before costs), the Company may offer those SPP Shortfall Shares to specific investors by invitation only under the SPP Shortfall Offer. Any SPP Shortfall Shares issued under the SPP Shortfall Offer will be issued at the same issue price as under the Placement and SPP.

Shareholder approval sought

As stated above, Shareholder approval is required under Listing Rule 7.1 for the proposed issue of Shares under the SPP (including any SPP Shortfall Shares).

Accordingly, this Resolution seeks Shareholder approval for the issue of up to 62,500,000 Shares under the SPP (including any SPP Shortfall Shares) under and for the purposes of Listing Rule 7.1. These Shares represent the maximum number of Shares that may be issued under the SPP (if the Company accepts oversubscriptions up to the maximum amount).

If this Resolution is passed, the issue of the Shares under the SPP (including any SPP Shortfall Shares) can proceed and the issue will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If this Resolution is not passed, the issue of Shares under the SPP (including any Shortfall Shares) will not proceed, the SPP will be withdrawn and the Company will not raise any funds under the SPP, which will impact the total amount the Company could potentially raise under the capital raising. Accordingly, any amounts received from eligible shareholders under the SPP will be refunded by the Company, without interest.

On 23 July 2024, the Company obtained a waiver from ASX in respect of Listing Rule 7.3.9 to the extent necessary to permit this Resolution to not include a voting exclusion statement excluding the votes of persons who may participate in the SPP. In accordance with Condition 2 of the ASX waiver, any Shareholders casting votes on this Resolution will be excluded from participating in the SPP Shortfall Offer.

Resolution 3 does not, itself, permit the issue of Shares under the SPP to Directors or their associates to the extent that they are eligible shareholders under the SPP (and that approval is sought under Resolution 4 below).

Information required by Listing Rule 7.3

Listing Rule 7.3 requires the following specific information to be provided in relation to this Resolution:

(a) Shares under the SPP will be issued to Shareholders with a registered address in Australia or New Zealand as at 7.00pm (AEST) on 23 July 2024 who apply for such Shares (provided such applications are accepted by the Company). See Resolution 4 in relation to the Shareholder approval required if Directors wish to participate in the SPP. To the extent that any SPP Shortfall Shares are issued, they will be issued to specific investors by invitation only under the SPP Shortfall Offer. Directors and related parties of the Company (and any associates)

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will not be permitted to participate in the SPP Shortfall Offer. These approvals will not be sought at the Meeting (and will only be sought if such participation is intended).

(b) The maximum number of Shares that the Company may issue under the SPP is 62,500,000 Shares. For the avoidance of doubt, this includes (as applicable) any SPP Shortfall Shares and any Shares issued under the SPP due to the maximum number of oversubscriptions being accepted. All Shares issued will be fully paid ordinary shares in the capital of the Company.

(c) Subject to receipt of Shareholder approval, it is expected that Shares to be issued to eligible shareholders under the SPP will be issued on or about 11 September 2024. Any SPP Shortfall Shares will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the Listing Rules).

(d) The Shares will be issued at the Offer Price of $0.16 per Share.

(e) The purpose of the issue is to raise capital. Funds raised from the SPP (in conjunction with funds raised under the Placement) are intended to be used 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).

Board recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 3.

5 Resolution 4 – Issue of Shares to Directors under the SPP

Please refer to the "Background to Resolutions" above for information about the SPP, the SPP Shortfall Offer and Listing Rule 10.11.

Directors and their associates who are 'eligible shareholders' for the purposes of the SPP will only be permitted to participate in the SPP (on the same terms as all other eligible shareholders) subject to Shareholder approval being obtained under Resolution 4.

To the extent the Directors or their associates subscribe for Shares under the SPP, a maximum of 750,000 Shares in total (being $30,000 worth of Shares for each Director) may be issued to those Directors (or their associates) (**Director SPP Issues**), subject to Shareholder approval at this Meeting.

Shareholder approval sought

The Director SPP Issues fall within Listing Rule 10.11.1 and do not fall within any of the exceptions in Listing Rule 10.12. They therefore require the approval of Shareholders under Listing Rule 10.11.

Resolution 4 seeks the required Shareholder approval for the Director SPP Issues under and for the purposes of Listing Rule 10.11.

Resolution 4 is conditional upon the passing of Resolution 3.

If Resolution 4 is passed, the Company will be able to proceed with the Director SPP Issues.

If Resolution 4 is not passed, the Company will not be able to proceed with the proposed issue of Shares under the SPP to the Directors (or their associates). However, provided that Resolution 3 is passed, the relevant Shares will (as part of the SPP) still be able to be issued by the Company to eligible shareholders under the SPP, or to specific investors pursuant to the SPP Shortfall Offer. As noted above, Directors (and their associates and any other person referred to in Listing Rule 10.11) will not be permitted to participate in the SPP Shortfall Offer unless Shareholder approval is obtained. These approvals will not be sought at the Meeting (and will only be sought if such participation is intended).

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Information required by Listing Rule 10.13

Listing Rule 10.13 requires the following information to be provided in relation to the Director SPP Issues:

(a) The persons that may acquire Shares under the Director SPP Issues in relation to each Director are as follows:

Name of Director	Eligible shareholder under the SPP that will acquire Shares	Category in Listing Rules 10.11.1 – 10.11.5 the person falls into
Mark Southey	Tervuren Pty Ltd <Southey Superannuation A/C>	Listing Rule 10.11.4, as an associate (as defined in the Listing Rules) of Mr Southey
Darryl Cuzzubbo	Kazubo Pty Ltd <Cuzzubbo Family A/C>	Listing Rule 10.11.4, as an associate (as defined in the Listing Rules) of Mr Cuzzubbo
Cathy Moises	Tooradin Park Superannuation Pty Ltd <Tooradin Park S/Fund A/C>	Listing Rule 10.11.4, as an associate (as defined in the Listing Rules) of Ms Moises
Michael Spreadborough	Asgard Open eWRAP super account <Michael Spreadborough>	Mr Spreadborough falls within Listing Rule 10.11.1, as a Director of the Company

(b) The number of Shares that may be acquired by each Director (or their associates) is up to 187,500 Shares (being $30,000 worth of new Shares under the SPP at $0.16 per Share). A maximum of 750,000 Shares in total may be issued under the Director SPP Issues.

(c) The Shares will be fully paid ordinary shares in the capital of the Company.

(d) Subject to receipt of the relevant Shareholder approvals, it is expected that Shares to be issued to eligible shareholders under the SPP will be issued on or about 11 September 2024. In any event, the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the Listing Rules).

(e) The Shares will be issued at the Offer Price of $0.16 per Share.

(f) The purpose of the issue is to raise capital. Funds raised from the SPP (in conjunction with funds raised under the Placement) are intended to be used 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).

(g) The Director SPP Issues will be paid for by the relevant Directors with their own funds and are not issued to remunerate or incentivise the Director. The Director SPP Issues are on the same terms as the rest of the SPP, except that they are subject to approval under Listing Rule 10.11 at the Meeting.

(h) There are no further material terms to disclose in respect of this arrangement.

(i) A voting exclusion statement in respect of Resolution 4 is set out in the Notice.

If approval is given under Listing Rule 10.11, approval is not separately required under Listing Rule 7.1. However, approval for the issue of Shares under the SPP is being sought under Resolution 3 in any event.

Board Recommendation

The Board does not make a voting recommendation to Shareholders in respect of Resolution 4 given that this Resolution relates to the issue of securities to current Directors or their associates.

Arafura Rare Earths Limited

ABN 22 080 933 455

Annexure A – Definitions

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The meanings of capitalised terms used in this Notice of General Meeting and Explanatory Memorandum are set out below:

ASX means the ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.

Board means the board of Directors.

Company means Arafura Rare Earths Limited ABN 22 080 933 455.

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

Director means a Director of the Company.

Director SPP Issues has the meaning given in the Explanatory Memorandum under the heading "Resolution 4 – Issue of Shares to Directors under the SPP".

Equity Security has the meaning given in Chapter 19 of the Listing Rules.

Explanatory Memorandum means the explanatory memorandum to the Notice.

General Meeting or **Meeting** means the Company's General Meeting to be held on 4 September 2024 at 10.00am AWST.

JLMs has the meaning given in the Explanatory Memorandum under the heading "Background to Resolutions".

Listing Rules means the Listing Rules of ASX.

Notice or **Notice of General Meeting** means this Notice of General Meeting.

Offer Price has the meaning given in the Explanatory Memorandum under the heading "Background to Resolutions".

Placement has the meaning given in the Explanatory Memorandum under the heading "Background to Resolutions".

Prospectus has the meaning given in the Explanatory Memorandum under the heading "Background to Resolutions".

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution contained in the Notice.

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

Shareholder means a shareholder of the Company.

SPP has the meaning given in the Explanatory Memorandum under the heading "Background to Resolutions".

SPP Shortfall Offer has the meaning given in the Explanatory Memorandum under the heading "Background to Resolutions".

SPP Shortfall Shares has the meaning given in the Explanatory Memorandum under the heading "Background to Resolutions".

Arafura Rare Earths Limited

ABN 22 080 933 455

Annexure A – Definitions

Tranche 1 Shares has the meaning given in the Explanatory Memorandum under the heading "Background to Resolutions".

Tranche 2 Shares has the meaning given in the Explanatory Memorandum under the heading "Background to Resolutions".

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ARAFURA
RARE EARTHS LIMITED

ABN 22 080 933 455

LODGE YOUR VOTE

ONLINE
https://investorcentre.linkgroup.com

BY MAIL
Arafura Rare Earths Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

BY FAX
+61 2 9287 0309

BY HAND
Link Market Services Limited
Parramatta Square, Level 22, Tower 6,
10 Darcy Street, Parramatta NSW 2150

ALL ENQUIRIES TO
Telephone: 1300 554 474 Overseas: +61 1300 554 474

X99999999999

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PROXY FORM

I/We being a member(s) of Arafura Rare Earths Limited **(Company)** and entitled to attend and vote hereby appoint:

STEP 1 APPOINT A PROXY

☐ **the Chairperson of the Meeting (mark box)**

OR if you are **NOT** appointing the Chairperson of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your

or failing the person or body corporate named, or if no person or body corporate is named, the Chairperson of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the General Meeting of the Company to be held at **10:00am (WST) on Wednesday, 4 September 2024 at Arafura Rare Earths Limited, Level 6, 432 Murray Street, Perth WA 6000** (the **Meeting**) and at any postponement or adjournment of the Meeting.

The Chairperson of the Meeting intends to vote undirected proxies in favour of each item of business.

Sample

STEP 2 VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.
Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions

		For	Against	Abstain*
1	Ratification of Previous Issue of Shares under Tranche 1 of the Placement	☐	☐	☐
2	Issue of Shares under Tranche 2 of the Placement	☐	☐	☐
3	Issue of Shares under the SPP (including under the SPP Shortfall Offer)	☐	☐	☐
4	Issue of Shares to Directors under the SPP	☐	☐	☐

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3 SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairperson of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairperson of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRPERSON OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairperson of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairperson of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

(a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded, and

(b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (WST) on Monday, 2 September 2024,** being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:

ONLINE

https://investorcentre.linkgroup.com

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

BY MOBILE DEVICE

QR Code

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link **https://investorcentre.linkgroup.com** into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.

BY MAIL

Aura Rare Earths Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

BY FAX

+61 2 9287 0309

BY HAND

delivering it to Link Market Services Limited*
Parramatta Square
Level 22, Tower 6
10 Darcy Street
Parramatta NSW 2150

*During business hours Monday to Friday (9:00am - 5:00pm)

COMMUNICATIONS PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.

ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU. THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.

Sample

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