For personal use only

Arafura Rare Earths Limited

ABN 22 080 933 455

2024

NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY MEMORANDUM TO SHAREHOLDERS

DATE OF MEETING
17 October 2024

TIME OF MEETING
10.00am WST

PLACE OF MEETING
Johnson Winter Slattery
Level 49 Central Park
152-158 St Georges
Terrace, 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 in accordance with the specified instructions.

Arafura Rare Earths Limited

ABN 22 080 933 455

Notice of Annual General Meeting

For personal use only

Notice is given that the 2024 Annual General Meeting of the Company will be held at the offices of **Johnson Winter Slattery, Level 49 Central Park, 152-158 St Georges Terrace, Perth, WA 6000,** on 17 October 2024 at 10.00am WST.

Agenda

Ordinary Business

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

Annual Report

To receive and consider the consolidated financial statements of the Company and its controlled entities and the reports of the Directors and auditors for the financial year ended 30 June 2024.

Resolution 1 – Remuneration Report

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

> *"That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the year ended 30 June 2024 be adopted."*
>
> **Note**: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement

To the extent required by section 250R of the Corporations Act, votes must not be cast (in any capacity) on Resolution 1 by, or on behalf of:

(a) a member of the key management personnel details of whose remuneration are included in the Remuneration Report; or

(b) a closely related party of such a member.

However a person described above (the 'voter') may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described in paragraph (a) or (b) above and either:

(a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on Resolution 1; or

(b) the voter is the Chairperson of the meeting and the appointment of the Chairperson as proxy:

(1) does not specify the way the proxy is to vote on Resolution 1; and

(2) expressly authorises the Chairperson to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of a member of the key management personnel.

Resolution 2 – Election of Mr Michael Spreadborough as Director

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

> *"That Mr Michael Spreadborough, who was appointed by the Directors as an additional director during the year (and who holds office only until the conclusion of the Annual General Meeting in accordance with rule 7.1(c) of the Company's Constitution), be elected as a Director of the Company with effect from the close of the Meeting."*

For personal use only

Resolution 3 – Election of Dr Roger Higgins as Director

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

> *"That Dr Roger Higgins, who was appointed by the Directors as an additional director during the year (and who holds office only until the conclusion of the Annual General Meeting in accordance with rule 7.1(c) of the Company's Constitution), be elected as a Director of the Company with effect from the close of the Meeting."*

Resolution 4 – Election of Mr Ian Murray as Director

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

> *"That Mr Ian Murray, who was appointed by the Directors as an additional director during the year (and who holds office only until the conclusion of the Annual General Meeting in accordance with rule 7.1(c) of the Company's Constitution), be elected as a Director of the Company with effect from the close of the Meeting."*

Resolution 5 – Appointment of Auditor

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

> *"That, for the purposes of section 327B(1)(b) of the Corporations Act and for all other purposes, BDO Audit Pty Ltd, having been nominated by a Shareholder and having given its consent in writing to act in the capacity of auditor of the Company, be appointed as auditor of the Company with immediate effect."*

Resolution 6 – Ratification of previous issue of securities under December 2023 Placement

To consider and, if thought fit, to pass the following resolution 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 156,250,000 Placement Shares and 78,125,000 free-attaching Placement Options to various sophisticated and institutional investors under the December 2023 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.

For personal use only

Other business

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

For personal use only

Explanatory Memorandum

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

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

Resolutions are not inter-dependent

The Resolutions are not inter-dependent. This means that a Resolution may be passed notwithstanding that one or more of the other Resolutions are 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 Annual General Meeting, Shares will be taken to be held by the persons who are the registered holders at **4:00pm WST on 15 October 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 Mark Southey, the Chairperson of the Board of Directors of the Company. It is the Chairperson's intention to vote undirected proxies which he holds as proxy in favour of all Resolutions where 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 WST on 17 October 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.

For personal use only

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 WST on 15 October 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 WST on 15 October 2024.

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 WST on 15 October 2024.

Proxy Forms or proxy voting instructions received after this time 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'.

Voting prohibition by proxy holders (remuneration of key management personnel)

To the extent required by section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 1, if the person is either a member of key management personnel or a closely related party of such a member and the appointment does not specify the way the proxy is to vote on the Resolution. However, the proxy may vote if the proxy is the Chairperson and the appointment expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of key management personnel.

For personal use only

If the Chairperson is appointed as your proxy and you have not specified the way the Chairperson is to vote on Resolution 1 by signing and returning the proxy form (including via an online voting facility), you are considered to have provided the Chairperson with an express authorisation for the Chairperson to vote the proxy in accordance with the Chairperson's intention, even though the Resolution is connected directly or indirectly with the remuneration of key management personnel.

Questions and comments by Shareholders at the Meeting

In accordance with the Corporations Act, a reasonable opportunity will be given to Shareholders to ask questions about, or make comments on, the management of the Company at the Meeting.

Similarly, a reasonable opportunity will be given to Shareholders to ask the Company's external auditor, BDO Audit Pty Ltd (**BDO**), questions relevant to:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

Shareholders may also submit written questions to BDO if the questions are relevant to the content of the BDO audit report or the conduct of its audit of the Company's financial report for the period ended 30 June 2024. Relevant written questions for BDO must be received by mail at the PO Box of the Company (PO Box 5773, St Georges Terrace, Perth, WA 6831) or via email at arafura@arultd.com no later than the fifth business day before the date of the Meeting.

A list of the relevant written questions will be made available to Shareholders attending the Meeting. They will also be placed on the Company's website.

The following details should be included with written questions:

- the **Shareholder's Name**; and
- either the Shareholder's **Securityholder Reference Number (SRN)** or **Holder Identification Number (HIN).**

By order of the Board

Dated 16 September 2024



Catherine Huynh
Company Secretary

Arafura Rare Earths Limited

ABN 22 080 933 455

Explanatory Memorandum

For personal use only

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 forthcoming Annual General Meeting.

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

Business

Annual Report

The Corporations Act requires the following reports in respect of the year ended 30 June 2024 to be laid before the Meeting:

(a) the annual financial report, including the Company's financial statements; and

(b) the reports of the Directors and auditors.

Neither the Corporations Act nor the Company's Constitution requires a vote of Shareholders on the statements or reports.

Each of these reports are contained in the Company's 2024 Annual Report which has been sent to Shareholders and which is available at www.arultd.com.

Shareholders will have a reasonable opportunity at the Meeting to ask questions and make comments on these reports and on the business and operations of the Company. Shareholders will also be given a reasonable opportunity to ask the auditor questions about the auditor's report and the conduct of the audit of the financial report.

1 Resolution 1 – Remuneration report

The Remuneration Report of the Company for the financial year ended 30 June 2024 is set out in the Directors' Report on pages 36 to 52 of the Company's 2024 Annual Report which was released to the market on 21 August 2024.

The Remuneration Report sets out the Company's remuneration arrangements for Executive and Non-Executive Directors and executive employees of the Company.

Shareholders attending the Meeting will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

The Corporations Act requires that a resolution be put to the vote that the Remuneration Report be adopted. The Corporations Act expressly provides that the vote is advisory only and the Resolution itself does not bind the Directors or the Company. However, whilst the Resolution itself does not bind the Directors or the Company, if at least 25% of the votes cast on Resolution 1 are against the Resolution in two consecutive years, starting at this 2024 Annual General Meeting, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must stand for re-election. The Company encourages all Shareholders to cast their votes on Resolution 1.

For personal use only

2 Resolution 2 – Election of Mr Michael Spreadborough as Director

Mr Michael Spreadborough was appointed by the Directors as an addition to the Board with effect from 8 April 2024 under rule 7.1(b) of the Company's Constitution and, in accordance with rule 7.1(c), holds office until the conclusion of the next annual general meeting following his appointment.

Mr Spreadborough now retires in accordance with rule 7.1(c) of the Company's Constitution and, being eligible, offers himself for election as a Director.

As a new Director, and as recommended by the ASX Corporate Governance Council Corporate Governance Principles and Recommendations, the Company carried out background checks on Mr Spreadborough prior to his appointment, none of which revealed any information of concern.

Mr Spreadborough has a mining engineering background with more than 30 years' experience in mining lead, zinc, uranium, copper, gold and iron ore. He has held roles across the scope of the industry from business and project development to operations and exploration. He held positions as the General Manager – Mining for WMC and Vice President – Mining for BHP Billiton at the world-class Olympic Dam Mine in South Australia, General Manager – Coastal Operations for Rio Tinto, responsible for port operations and Pannawonica mine site, Chief Operating Officer for Inova Resources Ltd (formerly Ivanhoe Australia) and Sandfire Resources.

Mr Spreadborough is currently Executive Co-Chairman and acting CEO of Novo Resources (ASX: NVO). Mr Spreadborough has confirmed to the Company that he will have sufficient time to fulfill his responsibilities as a Non-Executive Director.

As at the date of this Notice, Mr Spreadborough has been a Director of the Company for approximately six months. He is Chairman of the Remuneration and Nomination Committee and a member of the Audit Committee and Risk Management Committee.

After appropriate consideration, and taking into account his past performance, contributions to the Company and the current and future needs of the Board and the Company, the Board's members (excluding Mr Spreadborough) unanimously resolved that Mr Spreadborough's distinct set of skills and experience, including in project development and operations, is of obvious and on-going benefit to the Board. The Board also considered that Mr Spreadborough's independence has not been impaired during his tenure and that he is therefore considered to be an independent Director.

Board recommendation

The Board (other than Mr Spreadborough) recommends that Shareholders vote in favour of Resolution 2.

3 Resolution 3 – Election of Dr Roger Higgins as Director

Dr Roger Higgins was appointed by the Directors as an addition to the Board with effect from 8 April 2024 under rule 7.1(b) of the Company's Constitution and, in accordance with rule 7.1(c), holds office until the conclusion of the next annual general meeting following his appointment.

Dr Higgins now retires in accordance with rule 7.1(c) of the Company's Constitution and, being eligible, offers himself for election as a Director.

As a new Director, and as recommended by the ASX Corporate Governance Council Corporate Governance Principles and Recommendations, the Company carried out background checks on Dr Higgins prior to his appointment, none of which revealed any information of concern.

Dr Higgins has over 50 years' experience in areas of engineering, project management, mineral and water resources and environmental management. He has lived and worked in the resources industries in Australia,

For personal use only

Chile, Canada, Papua New Guinea and the USA, and has worked on operations and projects in several additional countries.

Dr Higgins has held senior management and executive positions including Senior Vice President Copper with Teck, VP and COO Australia with BHP Base Metals and Managing Director at Ok Tedi Mining. He is a member of Advisory Boards at the University of Queensland and the University of Adelaide, and an Adjunct Professor with the Sustainable Minerals Institute at the University of Queensland.

He is currently a non-executive director of Worley and Hillgrove Resources. Dr Higgins has confirmed to the Company that he will have sufficient time to fulfill his responsibilities as a Non-Executive Director.

As at the date of this Notice, Dr Higgins has been a Director of the Company for approximately six months. He is Chairman of the Risk Management Committee and a member of the Remuneration and Nomination Committee and Sustainability Committee.

After appropriate consideration, and taking into account his past performance, contributions to the Company and the current and future needs of the Board and the Company, the Board's members (excluding Dr Higgins) unanimously resolved that Dr Higgins' distinct set of skills and experience, including in engineering, project management and environmental management, is of obvious and on-going benefit to the Board. The Board also considered that Dr Higgins' independence has not been impaired during his tenure and that he is therefore considered to be an independent Director.

Board recommendation

The Board (other than Dr Higgins) recommends that Shareholders vote in favour of Resolution 3.

4 Resolution 4 – Election of Mr Ian Murray as Director

Mr Ian Murray was appointed by the Directors as an addition to the Board with effect from 10 September 2024 under rule 7.1(b) of the Company's Constitution and, in accordance with rule 7.1(c), holds office until the conclusion of the next annual general meeting following his appointment.

Mr Murray now retires in accordance with rule 7.1(c) of the Company's Constitution and, being eligible, offers himself for election as a Director.

As a new Director, and as recommended by the ASX Corporate Governance Council Corporate Governance Principles and Recommendations, the Company carried out background checks on Mr Murray prior to his appointment, none of which revealed any information of concern.

Mr Murray graduated with a Bachelor of Commerce (B Com) in 1987 from the University of Cape Town, and is a member of the Institute of Chartered Accountants of Australia and New Zealand and the Australian Institute of Company Directors.

Mr Murray has over 20 years' corporate experience in the publicly listed resources sector. Between 1997 and 2005, he held positions including chief financial officer and chief executive officer with DRDGold Ltd. Mr Murray oversaw DRDGold's major acquisitions, restructures and stock exchange listings. During this time, Mr Murray also served on the board of South African gold refinery Rand Refinery Limited and the internet-based commodity investment platform GoldMoney.com. He has also held senior management positions for companies such as KPMG, Price Waterhouse, and Bioclones. More recently, as Chief Executive Officer, he successfully delivered Gold Road Resources Gruyere Project.

He is currently a non-executive director of Black Rock Mining Limited and Chair of Faru Graphite Corporation (Tanzanian subsidiary owned 84% by Black Rock), non-executive Chair of Jupiter Mines Limited and non executive director of Miners Promise Ltd and Miners Promise Australia Ltd. Mr Murray has confirmed to the Company that he will have sufficient time to fulfill his responsibilities as a Non-Executive Director.

For personal use only

As at the date of this Notice, Mr Murray has just been appointed as a Director of the Company. He is Chair of the Audit Committee and a member of the Remuneration and Nomination Committee and Risk Committee.

After appropriate consideration, and taking into account Mr Murray's expected performance and contributions to the Company, and the current and future needs of the Board and the Company, the Board's members (excluding Mr Murray) unanimously resolved that Mr Murray's distinct set of skills and experience, in particular his corporate experience, will be of obvious and on-going benefit to the Board. The Board also considers Mr Murray to be an independent Director.

Board recommendation

The Board (other than Mr Murray) recommends that Shareholders vote in favour of Resolution 4.

5 Resolution 5 – Appointment of auditor

As announced on 2 May 2024, the Company appointed BDO Audit Pty Ltd (**BDO**) as the new auditor of the Company following the resignation of the Company's previous auditor, BDO Audit (WA) Pty Ltd (**BDO WA**).

The change to the Company's auditor is a result of the internal restructure of BDO WA's audit practice, under which audits will be conducted by BDO, an authorised audit company, rather than BDO WA.

BDO WA received consent from ASIC to resign as the Company's auditor in accordance with section 329(5) of the Corporations Act. The Directors then appointed BDO to act as the Company's auditor to fill the casual vacancy created by the resignation of BDO WA.

In accordance with section 327C of the Corporations Act, BDO will hold office as auditor of the Company until the Company's next annual general meeting, being the Meeting the subject of this Notice.

In accordance with section 327B(1)(b) of the Corporations Act, the Company now seeks Shareholder approval to the ongoing appointment of BDO as the auditor of the Company.

In accordance with section 328B of the Corporations Act, notice in writing nominating BDO as auditor of the Company has been given to the Company by a Shareholder. A copy of this notice is attached to this Notice of Meeting at Annexure B.

In accordance with section 328A(1) of the Corporations Act, BDO has provided to the Company, and has not withdrawn, its written consent to act as auditor of the Company.

Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 5.

6 Resolution 6 – Ratification of previous issue of securities under December 2023 Placement

Background

On 14 December 2023, the Company announced that it had received firm commitments to raise approximately $25 million (before costs) from sophisticated and institutional investors under a private placement (**December 2023 Placement**).

A total of 156,250,000 Shares were issued under the December 2023 Placement on 20 December 2023 at an issue price of $0.16 (**Placement Shares**). The Shares were issued pursuant to the Company's placement capacity under Listing Rule 7.1.

For personal use only

Additionally, investors in the December 2023 Placement received one free attaching Option for every two Shares subscribed for (**Placement Options**), with each Placement Option being exercisable at $0.225 with an expiry date of 18 months from the date of issue. A total of 78,125,000 Placement Options were issued on 20 December 2023 under a prospectus lodged with ASIC (and released to ASX) on 15 December 2023. The Placement Options were also issued pursuant to the Company's placement capacity under Listing Rule 7.1 and were subsequently quoted on ASX (with ASX ticker ARUOA).

The December 2023 Placement was fully underwritten by Canaccord Genuity (Australia) Limited and UBS Securities Australia Limited, who acted as joint lead managers and bookrunners to the December 2023 Placement (**JLMs**).

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.

The issue of the Placement Shares and the Placement Options (**Placement Securities**) 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 some of the Company's 15% limit under Listing Rule 7.1, reducing 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 Placement Securities.

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.

Shareholder approval sought

Under this Resolution, the Company seeks Shareholder approval for, and ratification of, the issue of the Placement Securities 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 Placement Securities 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 the Placement Securities were issued.

If this Resolution is not passed, the issue of the Placement Securities 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 the Placement Securities were issued.

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 Placement Securities were issued to various Australian and international sophisticated and institutional investors that participated in the December 2023 Placement. Some of the investors were introduced to the Company by the JLMs as part of the bookbuild process for the December 2023 Placement and the other investors were known to the Company. None of the investors who participated in the December 2023 Placement were material investors whose identity is required to be disclosed under ASX Guidance Note 21.

(b) 156,250,000 Placement Shares and 78,125,000 Placement Options were issued in total.

For personal use only

(c) The Placement Shares were all fully paid ordinary shares in the capital of the Company. The Placement Options are quoted on ASX (ASX: ARUOA), have an exercise price of $0.225 per Placement Option and an expiry date of 18 months after the Options were issued (being 20 June 2025). A summary of the further material terms of the Placement Options is set out in Annexure C.

(d) The Placement Securities were issued on 20 December 2023.

(e) The issue price for the Placement Shares was $0.16 per Share. The issue price for the Placement Options was nil as the Placement Options were issued as free attaching Options under the December 2023 Placement.

(f) Funds raised from the Placement Shares were used for a range of activities related to development of the Nolans Project, including integrated project management team costs (including KBR); detailed engineering (including Hatch) and ECI works to advance detailed design and construction planning; procurement of certified vendor data for equipment to support detailed engineering; site overheads, ESG, technology and business development and exploration; corporate costs including office costs, project funding and sales and marketing; and as a retained cash liquidity buffer (and for general working capital purposes).

(g) The Company did not raise any funds from the issue of the Placement Options. However, if all the Placement Options are exercised, the Company will raise $17,578,125 (before costs) which will be used to further progress the development of the Company's Nolans Project and for general working capital purposes.

(h) There are no further material terms to disclose in respect of the December 2023 Placement.

(i) A voting exclusion applies to Resolution 6 in the terms set out in the Notice of Meeting.

Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 6.

Arafura Rare Earths Limited

ABN 22 080 933 455

Annexure A – Definitions

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

Annual General Meeting or **Meeting** means the Company's annual general meeting to be held on 17 October 2024 at 10.00 am WST.

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

BDO means BDO Audit Pty Ltd.

BDO WA means BDO Audit (WA) Pty Ltd.

Board means the board of Directors of the Company.

Chairperson means the chair of the Meeting.

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

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

December 2023 Placement has the meaning given in the Explanatory Memorandum to Resolution 6.

Director means a Director of the Company.

Explanatory Memorandum means the explanatory memorandum to the Notice.

JLMs has the meaning given in the Explanatory Memorandum to Resolution 6.

Listing Rules means the Listing Rules of ASX.

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

Option means an option to acquire a Share.

Placement Option has the meaning given in the Explanatory Memorandum to Resolution 6.

Placement Securities has the meaning given in the Explanatory Memorandum to Resolution 6.

Placement Share has the meaning given in the Explanatory Memorandum to Resolution 6.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the report commencing on page 36 of the Company's 2024 Annual Report which was released to the market on 21 August 2024.

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.

WST means Australian Western Standard Time.

For personal use only

Arafura Rare Earths Limited

ABN 22 080 933 455

Annexure B – Nomination of Auditor

1 August 2024

Arafura Rare Earths Limited

Level 6, 432 Murray Street

Perth WA 6000

Attention: The Directors

Dear Directors

Nomination of Auditor

I, Catherine Huynh, being a member of Arafura Rare Earths Limited ACN 080 933 455 (**Company**), nominate BDO Audit Pty Ltd to fill the office of auditor of the Company in accordance with section 328B(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**).

Please distribute copies of this notice of nomination as required by section 328B(3) of the Corporations Act.

Your faithfully



_____

Catherine Huynh

For personal use only

Arafura Rare Earths Limited

ABN 22 080 933 455

Annexure C – Summary of Placement Option Terms

For personal use only

The Placement Options are all quoted on ASX (ASX: ARUOA).

(1) **Entitlement**

Subject to adjustment in accordance with these terms and conditions, each Placement Option entitles the Optionholder to subscribe for one (1) unissued Share upon payment of the Exercise Price (as defined below) before the Expiry Date (as defined below).

(2) **Exercise Price**

The exercise price of each Placement Option is $0.225 (**Exercise Price**).

(3) **Expiry Date**

A Placement Option is exercisable at any time after the date of issue and on or before the date which is 18 months after it is issued (**Expiry Date**). Placement Options that are not exercised by the Expiry Date shall lapse.

(4) **Notice of Exercise**

The Placement Options may be exercised by notice in writing to the Company and payment of the Exercise Price (in Australian currency by electronic funds transfer or other means of payment acceptable to the Company) for each Placement Option being exercised. Any notice of exercise of a Placement Option received by the Company will be deemed to be a notice of the exercise of that Placement Option as at the date of receipt.

(5) **Minimum number of Placement Options exercised**

The Optionholder may not exercise less than 1,000 Placement Options at any one time, unless the Optionholder has less than 1,000 Placement Options in which case the Optionholder must exercise all their Placement Options together.

(6) **Shares issued on exercise**

Shares issued on exercise of the Placement Options rank equally with the Shares of the Company on issue.

(7) **Quotation of shares on exercise**

Application will be made by the Company to ASX for official quotation of Shares issued upon the exercise of the Placement Options.

(8) **No certificate**

No certificate will be issued if the Placement Options are granted quotation on ASX.

(9) **Timing of issue of Shares**

After a Placement Option is validly exercised, the Company must as soon as possible:

(i) issue the Share; and

(ii) do all such acts matters and things to obtain the grant of quotation for the Share on ASX no later than 5 business days from the date of exercise of the Placement Option.

(10) **Participation in new issues**

An Optionholder may participate in new issues of equity securities to holders of Shares if and to the extent that:

(i) a Placement Option has been exercised; and

(ii) a Share has been issued in respect of the exercise before the record date for determining entitlements to the new issue.

Optionholders do not have any right to participate in new issues of securities in the Company made to Shareholders generally. The Company will, where required pursuant to the Listing Rules, provide Optionholders with notice prior to the record date to determine entitlement to any new issue of securities made to Shareholders generally, in accordance with the requirements of the Listing Rules.

(11) **Adjustments for reorganisation**

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholder may be varied to comply with the Listing Rules which apply to the reorganisation at the time of the reorganisation.

(12) **Change in exercise price**

A Placement Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Placement Option can be exercised.

(13) **Voting and dividend rights**

The Placement Options carry no rights to vote at a meeting of Shareholders, and no rights to dividends.

(14) **Transferability**

The Placement Options are transferable and may be transferred in the same manner as Shares unless classified as restricted securities under the Listing Rules.

(15) **US securities laws restrictions**

The Placement Options and the underlying ordinary shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, such securities may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

For personal use only

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

For personal use only

SAMPLE

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 proxy

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 Annual General Meeting of the Company to be held at **10:00am (WST) on Thursday, 17 October 2024 at Johnson Winter Slattery, Level 49 Central Park, 152-158 St Georges Terrace, Perth WA 6000** (the **Meeting**) and at any postponement or adjournment of the Meeting.

Important for Resolution 1: If the Chairperson of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairperson of the Meeting to exercise the proxy in respect of Resolution 1, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

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

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 Remuneration Report	☐	☐	☐
2 Election of Mr Michael Spreadborough as Director	☐	☐	☐
3 Election of Dr Roger Higgins as Director	☐	☐	☐
4 Election of Mr Ian Murray as Director	☐	☐	☐
5 Appointment of Auditor	☐	☐	☐
6 Ratification of previous issue of securities under December 2023 Placement	☐	☐	☐

* 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).

ARU PRX2402C

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, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

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 Tuesday, 15 October 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

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

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).

IMPORTANT INFORMATION

Link Group is now known as MUFG Pension & Market Services. Over the coming months, Link Market Services will progressively rebrand to its new name MUFG Corporate Markets, a division of MUFG Pension & Market Services.

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

For personal use only

SAMPLE