ASX ANNOUNCEMENT

QUARTERLY ACTIVITIES REPORT AND APPENDIX 5B FOR PERIOD ENDING 31 MARCH 2025

30 April 2025

For personal use only

Arafura Rare Earths Limited (**ASX: ARU**) (**Arafura** or the **Company**) reports that during the first quarter of 2025 the Company reached a significant milestone in its equity funding strategy for the Nolans Project (**Nolans** or the **Project**) which remains the Company's single point of focus to enable a final investment decision (**FID**).

HIGHLIGHTS

- First cornerstone investment commitment of A$200 million received from the National Reconstruction Fund Corporation in support of Nolans
- Binding offtake agreement signed with Traxys Europe SA for up to 300tpa of NdPr oxide with 66% of the Arafura's binding offtake target now secured
- Non-binding letter of intent signed with Tamboran Resources Ltd for the long-term supply of natural gas to Nolans
- Escalating trade tensions continue to highlight the unique position of Nolans as one of the most advanced, near-term solutions for global rare earth supply diversification
- NdPr oxide price increases 12% over the quarter, recent geopolitical developments provide potential near term price catalyst
- Operational expenditure review complete to rationalise development resources and overheads, financial runway extended to first quarter 2026 calendar year
- Cash balance of A$37 million at 31 March 2025 (versus A$45 million as at 31 December 2024)

Arafura's Managing Director Darryl Cuzzubbo said:

"*The importance of developing diversified rare earths and permanent magnet supply chains has been thrown into sharp focus by recent geopolitical events. Arafura's Nolans Project remains the only significant, construction-ready, ore-to-oxide rare earths project in the world offering the potential to bypass the dominant Chinese supply chain. We continue to make significant progress executing our equity funding strategy, which is the final piece to put in place before making a final investment decision. Following the initial cornerstone investment from the National Reconstruction Fund Corporation, we have confidence in securing our cornerstone investment target. Nolans is the right project at the right time.*"

-ENDS-

Further Information:

Investors
Lewis Lowe
Financial Controller
+61 416 827 569
llowe@arultd.com

Media
Luke Forrestal
GRA Partners
+61 411 479 144
luke.forrestal@grapartners.com.au

Authorised by:
Lewis Lowe and Matthew Foy
Company Secretary

For personal use only

THE NOLANS PROJECT

The March 2025 quarter saw significant progress against the Company's stated equity funding strategy for Nolans including the first cornerstone investment commitment of A$200 million from the National Reconstruction Fund Corporation (**NRFC**)[1].

Engagement with the NRFC and other international government seeded funds has highlighted the strong alignment of Nolans with the objectives of this style of fund and provides a high level of conviction for the equity funding strategy selected to deliver FID for Nolans.

MACROECONOMIC DEVELOPMENTS

Several events in recent months have destabilised the geopolitical landscape, significantly impacting global supply chains and those involving rare earths. To add to this, we have seen the emergence of a trade war from the blanket imposition of trade tariffs.

Where crude oil was once the commodity most typically intertwined with geopolitics and international relations, today, it is critical minerals, particularly rare earths. The United States of America (**US**) has brought attention on this with its focus on Greenland, which has known rare earth resources and access to Ukraine's supposed rare earths and other critical minerals.

Germany has amended its constitution constraining debt, allowing unprecedented levels of government spending. A special fund of €500 billion has been announced to finance additional investment in defence, infrastructure, climate protection and the green transformation of their economy. Raw material supply chain security will be an important facet of this investment plan.

Similarly, the European Union (**EU**) announced its Clean Industrial Deal, outlining actions to turn decarbonization into a driver of growth for European industries. Included is an initiative to create an EU critical raw materials centre to purchase raw materials on behalf of interested companies.

In the escalation of a tariff war between the US and China, NdFeB magnets have been targeted, but to date upstream magnet rare earth products have been exempted. Subsequent to the quarter end, on April 9, the US imposed China-specific tariffs that brought the total tariff on the import of magnets to 36.1%. Shortly after, China announced plans to restrict exports of high-performance magnets and rare earth products on national security grounds with no specific country targeted. It's envisioned that a bifurcation of rare earth pricing will emerge due to US tariffs on magnets, creating the market opportunity for a seaborne-based pricing system. The domestic rare earth prices in China should no longer be a functional representative price for a non-China magnet value chain.

The fragility of the magnet value chain has been exposed as regions seek greater autonomy by onshoring industrial value chains for national security and industrial development interests. This theme has further galvanised support and recognition of Nolans and its value proposition as a globally strategic, fully integrated and scaleable ore-to-oxide processing project to cornerstone supply for a region's industrial interests. Arafura's future rare earth production will inevitably become strategically captured to a few select regions, similar to how the limited volumes of current non-China production is being strategically captured to regions via financing, trade intervention, and industrial policy measures.

[1] Refer ASX announcement 15 January 2025

For personal use only

While recent geopolitical events have amplified interest in the rare earth sector, the world is experiencing economic instability due to the US Government's tariff policy and increasing trade tensions. This is creating a level of uncertainty in the market with some investors awaiting further clarity with respect to the general economic outlook, affecting the speed at which they act.

PROJECT DELIVERY

Project Management

The Company continued to review optimisation opportunities for the delivery of Nolans.

Project Delivery activities for the next quarter will remain focused on preparations for FID, managing and overseeing the engineering, and supporting the funding efforts.

Engineering and Design

Hydrometallurgical Plant

The engineering team continued to progress key engineering deliverables with a keen focus on process engineering which will provide a solid platform for the detailed engineering and design phase.

In addition to finalising key process engineering inputs, design development continued with a particular focus on plant optimisation to maintain or where possible reduce capital cost, plus provide operational efficiency.

Power Station

The Company continued to progress the power station solution for the Nolans operation and is working towards a more definitive costing and a design level sufficient to enable the development of a power-purchase agreement.

Gas Supply

During the quarter, the Company and the Mereenie field joint venture (**MJV**) extended the condition precedent date for the gas supply agreement (**GSA**) to 31 March 2025[1], which then lapsed on this date[2]. Subsequent to the quarter, the MJV issued a notice to formally terminate the commitment to supply gas to the Nolans Project under the GSA. The basis for the termination was that a key condition precedent (FID for Nolans) had not been satisfied by 31 March 2025. While the parties had been in discussions to extend the date for satisfaction of this condition precedent, the parties were not able to reach agreement on key commercial terms required by MJV as part of any extension. The parties remain on good terms and have a framework in place for potential future discussions in due course.

As mentioned in the prior quarter, the Company was concurrently conducting a review of the Northern Territory gas market as a result of changing circumstances where more gas may become available in the Northern Territory. As announced on 31 March 2025, the Company's 100% owned subsidiary Arafura Nolans Project Pty Ltd executed a non-binding letter of intent with Tamboran Resources Ltd (**ASX: TBN**) (**Tamboran**) for the supply of 18 to 25 terajoules per day of natural gas for Nolans of up to 10 years. Tamboran is the largest acreage holder within the Beetaloo Sub-basin, located approximately 650 kilometres north of Nolans in the Northern Territory.

The parties will work in good faith to negotiate a full form term sheet and definitive form documentation which will be subject to Conditions Precedent including the Boards of both parties making a final investment decision on their respective projects and obtaining all regulatory approvals required.

The partnership with Tamboran aims to secure long term supply of gas for the Nolans Project on favourable terms.

[1] Refer ASX announcement 31 January 2025
[2] Refer ASX announcement 31 March 2025

For personal use only

Non-Process Infrastructure

Throughout the quarter work on non-process infrastructure focused on:

- the updating of the concept design for the Residue Storage Facility; and
- completion of the initial bulk earthworks design to a sufficient level to provide a sound base for the tender and evaluation of the contract. Bulk earthworks is on the construction critical path.

Procurement and Contracts

General

A number of small minor works with key technical providers progressed during the quarter with a focus on engineering and design optimizations targeting proposed capital reduction initiatives.

Camp Facilities

The initial term of the Nolans construction camp (**Camp**) contract ends in June 2025. Negotiations between the contract parties have failed to reach a commercially acceptable outcome that would have allowed for extension of the contract beyond its current term and the contract has been terminated. One-off costs associated with the termination will be A$4.1 million, which will be recognised in the Company's June 2025 Appendix 5B Quarterly Report. Of this, $2.6 million relates to accrued costs which were payable by Arafura regardless of the contract termination.

The Camp currently remains at the Nolans site at no cost to the Company while negotiations continue with the Camp owner around possible post-FID arrangements. A range of potential camp alternatives are also being investigated in parallel.

During the past quarter the Company also executed a contract to purchase a 48-person camp and its associated infrastructure. This camp, in combination with other available accommodation in the area, will provide sufficient accommodation for the initial mobilisation of the bulk earthworks contractors following FID. Therefore, initial accommodation requirements are not on the Project's critical path, and these recent developments are not expected to impact the Project's construction schedule.

Construction

There are no current on-site activities other than environmental monitoring, and ongoing site security and surveillance protecting assets.

Arafura continued along the pathway to obtain Workplace Health and Safety Accreditation from the Office of the Federal Safety Commissioner. The initial Systems Verification Audit was completed in February 2025, with subsequent outcomes being addressed during the next quarter.

OPERATIONAL READINESS

The draft safety case outline was completed during the quarter and provides the basis for further work to commence in the next quarter and ensure robust processes and documentation is developed in support of the safety case submission following FID.

For personal use only

CAPITAL COST TRENDING

Current trend analysis has not changed from the Company's update on its Project Economics from 23 July 2024[1].

Since the release of the November 2022 Project Update[2], which is the most recent 'first principles' estimate for the Project provided to the market, the Company has been diligently reviewing capital expenditure (**capex**) and exploring ways to optimise capex, risk, and schedule. This includes, but is not limited to, continuous engagement with potential suppliers and vendors on market trends and cost pressures.

As the point of FID draws near, these efforts have intensified to ensure that any capex and operational expenditure pressures are balanced by improvements, thereby maintaining the Nolans investment case.

Arafura will update the market should there be a material change, including details of any material financial impact on the Project.

OPERATIONAL LICENCING

The Radiation Protection and Radioactive Waste Management Plan (RPRWMP)

Further revisions to the RPRWMP were submitted to the Department of Climate Change, Energy, the Environment and Water after addressing the Department's previous request for information.

Mine Management Plan (MMP)

Further revision was made to the MMP and associated security calculation, and submitted to the Northern Territory Department Lands, Planning and Environment (**DLPE**) during the quarter.

The approved MMP remains current and there is no risk to schedule delay with the assessment of the revised MMP.

Waterway diversion application

A waterway diversion application was submitted to the DLPE's Water Resources Division regarding the first stage diversion of Kerosene Camp Creek, supported by the current version of the Environmental Management Plan (**EMP**).

The application was approved on the 26th of March 2025 by DLPE's Water Resources Division.

Water licencing

An application for minor amendments to Arafura's two water licences for Nolans has been reviewed by Department of Environment, Parks and Water Security and forwarded to the Water Controller for approval. Approval from the Water Controller is pending.

The approved water licenses remain current and there is no risk to schedule delay with the approval of these minor amendments.

[1] Refer ASX Announcement 23 July 2024
[2] Refer ASX Announcement 11 November 2022

For personal use only

SUSTAINABILITY

Reporting, disclosures and compliance

Activities to deliver the Environmental and Social Action Plan (**ESAP**) by Tetra Tech Coffey on behalf of the lenders group continued during the quarter.[1] The Company is on track to deliver the ESAP action items (committed to the lenders) prior to the commencement of construction.

Energy and Emissions Reduction

The Company will continue to engage with the Commonwealth Government on the impact of the Safeguard Mechanism to Nolans, with the objective of reducing impact before commercial production. The Company remains committed to environmental responsibility and sustainable development and has published its pathway to achieve net zero by 2050.[2]

Stakeholder Engagement

Throughout the quarter the Company continued an intensive marketing strategy to educate investors on the rare earth sector and increasing strategic imperative of Nolans. This included presentations at the Prospectors and Developers Association Conference in Canada and the Mineral Sands and Rare Earths Conference in Perth.

Following recent geopolitical events between China and the US, there has been a heightened level of interest from investor groups being targeted under Company's equity funding strategy. Arafura will continue to leverage in its engagement the current geopolitical situation and the status of Nolans as the most advanced ore-to-oxide project in the world offering a unique mix of supply security from a Tier 1 jurisdiction.

Environmental Management

Environmental monitoring continued on-site to collect baseline data. Dust samples were collected from passive sampling points monthly. Groundwater levels were measured in monitoring bores monthly and samples collected and analysed for water quality once during the quarter.

The introduction of a new drone during the quarter with increased accuracy and multispectral camera offers significant improvement in monitoring options on vegetation and borefield drawdown.

EXPLORATION

Nolans Bore

Activities continued to focus on progressing mining-related studies.

Work largely focussed on mining studies and further enhancing the geological database, researching opportunities, and reviewing the exploration activities of other rare earth companies.

No on-ground exploration activity occurred in the quarter.

[1] Refer ASX announcement 29 April 2024
[2] Refer ASX Announcement 31 January 2023

For personal use only

Neodymium and Praseodymium (NdPr) Market

The price of NdPr oxide increased by 12% during the quarter to close at US$60.97 per kilogram. Prices rose as producers mostly fulfilled their long-term commitments and limited material was available on the spot market. The market also firmed due to speculation that China's announcement of 1H CY2025 quotas would be delayed to incorporate changes to the quota system and other regulations further to strengthen the Chinese Government's control over the sector, including:

- The inclusion of rare earth imports in refining quotas.
- The allocation of mining and refining quotas to only two large stated owned entities, China Northern Rare Earths and China Rare Earths.
- Additional reporting and compliance measures to provide a higher level of oversight to the Chinese Ministry of Industry and Information Technology.
- The implementation of rare earth traceability and product flow systems.

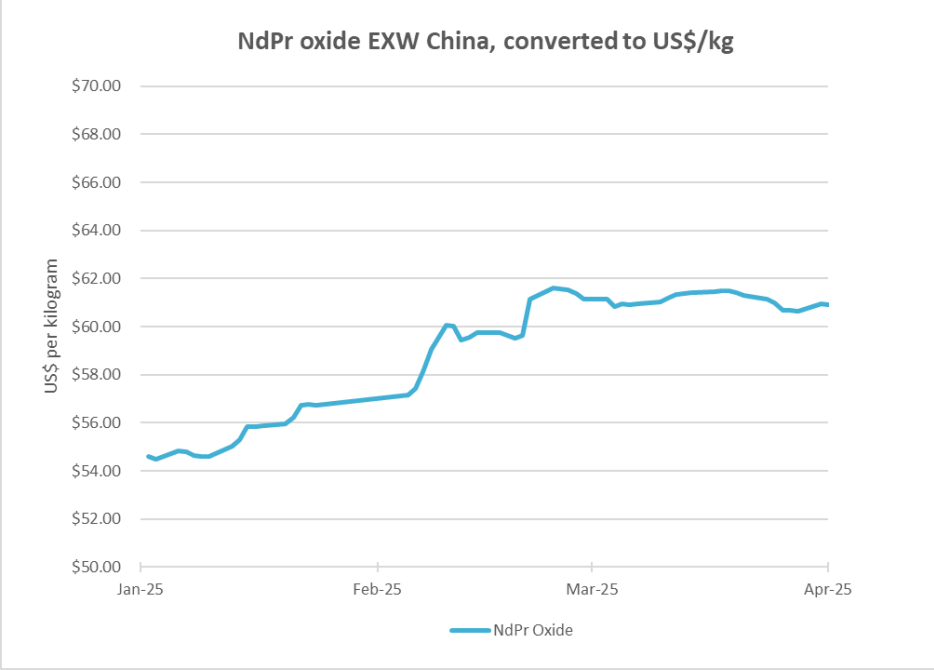


Figure 1: NdPr Oxide Price EXW China (inclusive VAT) converted to US$

The Kachin Independence Army in Myanmar announced the imposition of a US$4/kg tax on rare earths concentrates exported to China. Due to political instability in Myanmar, the exports to China have been decreasing. China substituted some of the volume by increasing its imports of rare earths from Laos and imports of monazite sand. The recent earthquake in Myanmar will likely further impact China's supply.

For personal use only

OFFTAKE AND PROJECT FUNDING

Offtake from Nolans

During the quarter, the Company signed a binding offtake agreement with Traxys Europe SA (**Traxys**) for 100 tonnes per annum (**tpa**) over five years[1], with the option that Arafura can nominate a further 200 tpa of production. Having the volume option will assist the company in managing annual contract supply commitments and any variability in product delivery schedules. As the additional volume is at Arafura's option, the full 300tpa contributes to the Company's binding offtake target required by the Project financiers.

Binding offtake agreements announced to the market, including the Traxys Agreement, now represent 66% percent of the total target volume. Arafura continues to progress its discussions with potential offtakers to complete the targeted 80% of production sold under binding offtake arrangements[2]. Arafura is prioritising offtake counterparties who can bring strategic support to Nolans, including direct equity investment, and remains confident in its off-take and funding strategy which will enable the creation of a diversified supply chain.

Table1: Offtake overview

Offtake Discussion Group	Location	NdPr Oxide (tpa) (1)	% of Binding Offtake Target(3)
Secured Offtake (Binding Agreement)			
Hyundai & Kia	Korea	1,500	43%
Siemens Gamesa RE	Germany	520	15%
Traxys Europe S.A	Luxembourg	300	8%
Sub-total		**2,320**	**66%**
Offtake Under Discussion (2)			
Contract negotiations	Asia & Europe	1,625	46%
Advanced offtake discussions	Europe & US	2,815	79%
TOTAL		**6,760**	**191%**

(1) Product may be supplied as NdPr Oxide or Metal equivalent.
(2) The Company, at this stage, has no certainty as to the timing and likelihood of successfully concluding binding offtake agreements.
(3) The Company is targeting 80% of Planned Production as binding offtake. Planned Production refers to the average annual production from Nolans, being 4,440 tpa of NdPr oxide (refer ASX Announcement dated 11 November 2022).

[1] Refer ASX Announcement dated 20 March 2025
[2] The Company is targeting 80% of Planned Production as binding offtake. Planned Production refers to the average annual production from Nolans, being 4,440 tpa of NdPr oxide (refer ASX Announcement dated 11 November 2022).

For personal use only

Project Funding – Debt

The Company continued to engage with the international group of Export Credit Agencies (**ECA**) and commercial lenders through the quarter (refer Table 2) to progress project finance documentation in preparation for execution following FID.

The quality of the diverse lender group and long tenor of the debt facilities sets a solid foundation for securing strategic equity investment and remaining offtake commitments.

Table 2: Indicative Debt Facilities

Facilities	Tenor (Years)	Amount (US$ million)
Senior Debt Facilities		
Export Finance Australia	15	125
Northern Australia Infrastructure Facility	15	100 (1)
Export Development Canada	12	290 (2)
KEXIM	10	75
ECA Covered Tranches KfW IPEX-Bank KEXIM Global (Singapore) Commonwealth Bank of Australia ING Export Finance Australia	10	185
SUB-TOTAL		**775**
Cost Overrun Facility	8	80 (4)
TOTAL SENIOR DEBT		**855 (5)**
Subordinated Debt Facilities		
EFA Standby Liquidity Facility	15	200
TOTAL DEBT		**1,055**

(1) NAIF commitment of A$150 million converted to US$ for comparison purposes only at AUD/USD 0.6667428.
(2) US$10 million of EDC funding is included in the COF.
(3) Commercial bank lenders supported by untied loan guarantees from Euler Hermes of US$110 million and KEXIM of US$75 million (refer to ASX Announcements dated 4 July 2024 and 1 July 2024).
(4) US$160 million total Cost Overrun funding, 50% debt funded (COF) with the remaining US$80 million to be funded by equity. COF debt includes A$ tranche with NAIF commitment up to A$50 million.
(5) Excludes Contingent Instrument Facilities to support the provision of bank guarantees.

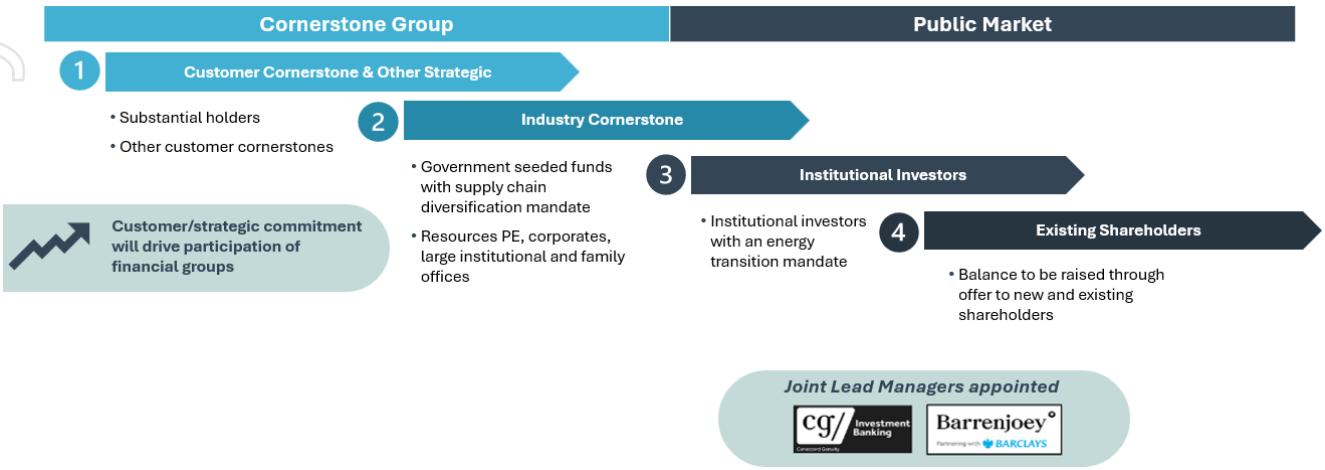
Project Funding – Equity

The Company executed a binding term sheet for A$200 million investment commitment from the NRFC on 15 January 2025, representing the first major milestone in Arafura's equity funding strategy (refer Figure 2). This is expected to be a catalyst for attracting additional strategic investment into Nolans with similarities being drawn to the leadership shown by the Australian Government which catalysed Arafura's debt financing process.

NRFC's investment commitment comprises long dated convertible notes with an attractive conversion premium aiming to defer and potentially minimise dilution for existing shareholders. Importantly, the convertible notes compliment the Project's existing debt finance facilities being unsecured and subordinate to these facilities. Key terms of the convertible notes are detailed in Annexure A of the Company's ASX announced dated 15 January 2025.

For personal use only

Figure 2: Equity strategy



FID AND PROJECT SCHEDULE

Notwithstanding the significant progress being made against the Company's stated equity funding strategy for Nolans, the Company and its advisors regularly consider and assess options put forward by third parties (including potential corporate and project-level transactions) which could, if implemented, give rise to an alternative pathway to the funding and development of the Project for the benefit of shareholders.

Specifically, Arafura is assessing a potential joint venture (**JV**) structure which could significantly reduce the equity required to fund Arafura's remaining project interest[1]. The potential JV is being evaluated against the Company's existing funding strategy to determine the most value accretive funding solution for existing shareholders.

Given the need to evaluate the merits of a potential JV in parallel with the Company's existing funding strategy, FID for Nolans has the potential to extend beyond the previously advised window of first half 2025 calendar year. In compliance with the Company's continuous disclosure obligations, Arafura will update the market once a proposed funding structure is finalised, including as to the expected timing of FID. We expect that as we progress different funding solutions during the upcoming quarter with respect to shareholder value and long-term growth prospects for the Company, more definitive guidance on FID timing will be provided.

In response to the potential revision to FID timing and the advanced engineering status of Nolans, an operational expenditure review has been undertaken to rationalise development activities, resources and site and corporate overheads. The review has extended the Company's financial runway to Q1 2026 calendar year, which gives the Company additional time to assess potential funding solutions.

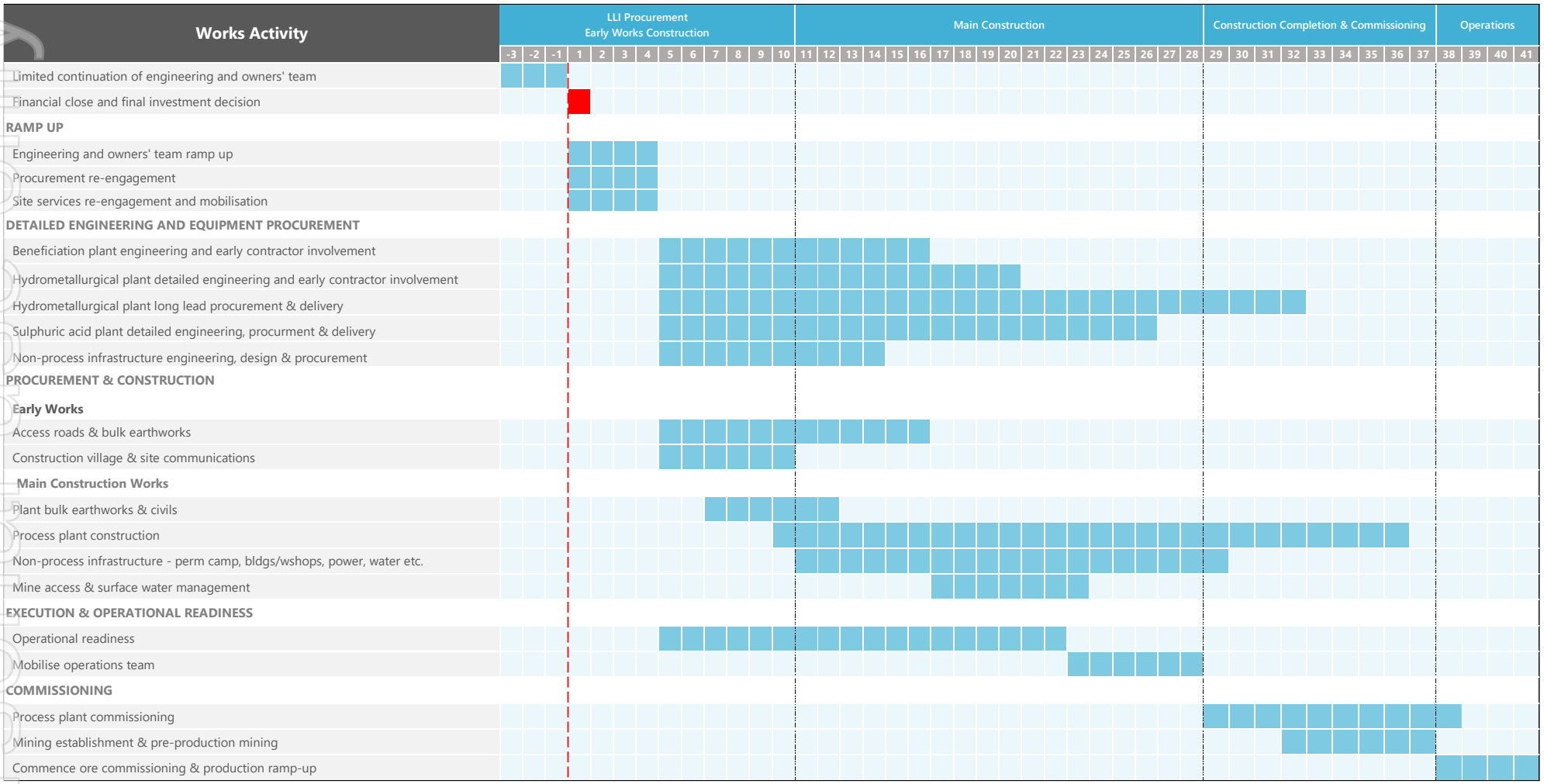
The rationalisation of development resources means that when Arafura announces FID, approximately four months will be required to ramp up the Project's delivery team before construction works can commence. The indicative execution schedule from FID to start-up has therefore increased from 37 to 41 months (see Figure 3).

The four month ramp up period will also provide an opportunity for Arafura to retest market prices and retender where appropriate to ensure the best capital outcomes for the Project are achieved.

[1] The Company at this stage, has no certainty as to the timing and likelihood of negotiations with potential partners successfully concluding or binding agreements being entered. Details of any binding arrangements will be announced to the ASX if (and when) formal agreements have been executed.

QUARTERLY ACTIVITIES REPORT AND APPENDIX 5B FOR PERIOD ENDING 31 MARCH 2025

Figure 3: Indicative Nolans Project Schedule[1]



[1] Schedule is subject to change and is contingent on project funding, the completion of construction and development, commissioning, and general market conditions.

personal use only

QUARTERLY ACTIVITIES REPORT AND APPENDIX 5B FOR PERIOD ENDING 31 MARCH 2025

For personal use only

CORPORATE

Modern Manufacturing Initiative Grant

In March 2022 the Company announced it had been awarded grant funding of A$30 million under the Modern Manufacturing Initiative (**MMI**)[1]. In announcing a revised target date for the Nolans FID it has become apparent a number of the key MMI milestones may not be achieved in the required time frame to satisfy the grant agreement conditions. Arafura has jointly agreed with the Australian Government to cease the grant.

Arafura advises A$15 million has already been received under the grant agreement and has been acquitted in line with the grant requirements. The remaining MMI grant amount of A$15 million which has not been paid to Arafura will not be received.

Cash Position

On 31 March 2025, Arafura had cash reserves of A$37.2 million (versus A$44.9 million as at 31 December 2024).

During the quarter, the Company spent ~A$0.4 million on exploration and evaluation activities, ~A$3.0 million on corporate, administration and business development costs and ~A$4.6 million on project development activities including:

- Detailed engineering on the hydrometallurgical plant.
- Engineering activities on other aspects of Nolans.
- Project management.
- Site overheads.

Cash outflows from reoccurring activities have continued to reduce in the current quarter, averaging ~A$2.5 million per month (versus ~A$3.3 million per month in the prior quarter).

The Company expects cash outflows from reoccurring activities to further reduce following the recently completed operational expenditure review. However, one-off costs associated with termination of the Nolans construction camp contract totalling A$4.1 million will be recognised in the Company's June 2025 Appendix 5B Quarterly Report. Of this, $2.6 million relates to accrued costs which were payable by Arafura regardless of the contract termination.

Payments of A$306k reported in Item 6.1 of the attached Appendix 5B relate to salaries, fees and superannuation paid to Directors.

Further details on cashflows for the March 2025 quarter are available in the attached Appendix 5B.

Tenements

In accordance with ASX Listing Rule 5.3, please refer to Appendix A for a listing of all tenement holdings.

[1] Refer ASX Announcement 16 March 2022.

For personal use only

Forward Looking Statements

This report contains certain statements which may constitute "forward-looking statements." Such statements are only expectations or beliefs and are subject to inherent risks and uncertainties which could cause actual values, results or performance achievements to differ materially from those expressed or implied in this announcement. No representation or warranty, express or implied is made by Arafura that any forward-looking statement contained in this announcement will occur, be achieved or prove to be correct. You are cautioned against relying upon any forward-looking statement.

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

Production Targets and Forecast Financial Information

The information in this announcement that relates to production targets is extracted from the Company's ASX announcement dated 11 November 2022 (Nolans Project Update). The Company's mineral resources includes 9% Measured Resources, 54% Indicated Resources and 37% Inferred Resources. The production target is based on 12% Proved Reserves, 62% Probable Reserves and 26% inferred resources as reported in the Company's ASX announcement dated 11 November 2022. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised. Arafura confirms that, all material assumptions underpinning the production target set out in the Company's ASX announcement dated 11 November 2022 (including any assumptions referred to in the Company's ASX announcement dated 11 November 2022 that were used from the DFS as set out in the Company's ASX announcement dated 7 February 2019 (Nolans Project Definitive Feasibility Study) or from the Updated Mining Study as set out in the Company's ASX announcement dated 16 March 2020 (Major Increase in Mine Life for the Nolans Project)), continue to apply and have not materially changed.

The information in this announcement that relates to forecast financial information (including forecast financial information derived from the production target) is extracted from the Company's ASX presentation dated 23 July 2024 ('Arafura achieves major debt funding milestone'). Arafura confirms that, all material assumptions underpinning the forecast financial information (and forecast financial information derived from the production target) set out in the announcement released on 23 July 2024 continue to apply and have not materially changed.

QUARTERLY ACTIVITIES REPORT AND APPENDIX 5B FOR PERIOD ENDING 31 MARCH 2025

For personal use only

APPENDIX 5B MINING EXPLORATION ENTITY AND OIL AND GAS EXPLORATION ENTITY QUARTERLY REPORT

Name of entity	
Arafura Rare Earths Ltd	
ABN	Quarter ended ("current quarter")
22 080 933 455	31 March 2025

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	(4,647)	(16,673)
	(c) production	-	-
	(d) staff costs	(1,348)	(4,301)
	(e) administration and corporate costs	(1,685)	(6,886)
1.3	Dividends received	-	-
1.4	Interest received	363	1,423
1.5	Interest and other costs of finance paid	(12)	(35)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other	-	-
1.9	**Net cash from / (used in) operating activities**	**(7,329)**	**(26,338)**

For personal use only

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements and bonds	-	-
	(c) property, plant and equipment	(1)	(33)
	(d) exploration and evaluation	(419)	(1,631)
	(e) investments	-	-
	(f) other non-current assets	-	(2)
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets (term deposits)	265	265
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received	-	-
2.5	Other	-	-
2.6	**Net cash from / (used in) investing activities**	**(155)**	**(1,401)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	24,644
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-

For personal use only

3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(1,437)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (repayment of lease liabilities)	(132)	(393)
3.10	**Net cash from / (used in) financing activities**	**(132)**	**22,814**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	44,858	42,170
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(7,329)	(26,338)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(155)	(1,401)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(132)	22,814
4.5	Effect of movement in exchange rates on cash held	(4)	(7)
4.6	**Cash and cash equivalents at end of period**	**37,238**	**37,238**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	37,238	44,858
5.2	Call deposits	-	-

For personal use only

5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**37,238**	**44,858**

6.	**Payments to related parties of the entity and their associates**	**Current quarter** **$A'000**
6.1	Aggregate number of payments to related parties and their associates included in item 1	(306)
6.2	Aggregate number of payments to related parties and their associates included in item 2	-
Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments		
Salaries, fees and superannuation of Directors of the Company.		

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end** **$A'000**	**Amount drawn at quarter end** **$A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

For personal use only

Not applicable.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(7,329)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(419)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(7,748)
8.4	Cash and cash equivalents at quarter end (item 4.6)	37,238
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	37,238
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	4.8
	Note: if the entity has reported positive relevant outgoings (i.e. a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
	8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: Not applicable.	
	8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: Not applicable.	
	8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: Not applicable.	
	Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.	

For personal use only

COMPLIANCE STATEMENT

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2025

Authorised by: The Audit Committee

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g., Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee". If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

For personal use only

APPENDIX A – MINING TENEMENTS HELD AS AT 31 MARCH 2025

Tenement reference	Project	Holder	Nature of interest	Interest at beginning of quarter	Interest at end of quarter	Notes
ML 26659 ML 30702 ML 30703 ML 30704 ML 32411 ML 32412 ML 32413 ML 32414 ML 32415 ML 32416	Nolans, NT	Arafura Nolans Project Pty Ltd	Mineral Lease	100% 100% 100% 100% 100% 100% 100% 100% 100% 100%	100% 100% 100% 100% 100% 100% 100% 100% 100% 100%	
EL 28473 EL 28498 EL 29509 EL 31224 EL 31284 EL 31957	Aileron–Reynolds, NT	Arafura Rare Earths Ltd	Exploration Licence	100% 100% 100% 100% 100% 100%	100% 100% 100% 100% 100% 100%	
EL 29701	Bonya JV, NT	Arafura Rare Earths Ltd	Exploration Licence	60%	60%	Thor Mining Plc 40%, Arafura Rare Earths Limited 60%
EL 32167	Jervois Vanadium, NT	Arafura Rare Earths Ltd	Exploration Licence	60%	60%	Thor Mining Plc 40%, Arafura Rare Earths Limited 60%

QUARTERLY ACTIVITIES REPORT AND APPENDIX 5B FOR PERIOD ENDING 31 MARCH 2025

For personal use only

Tenement reference	Project	Holder	Nature of interest	Interest at beginning of quarter	Interest at end of quarter	Notes
ML32722	Nolans, NT	Arafura Nolans Project Pty Ltd	Mineral Lease	100%	100%	Application lodged.
ML33107	Nolans, NT	Arafura Nolans Project Pty Ltd	Mineral Lease	100%	100%	
EMP33078 EMP33079 EMP33080 EMP33081 EMP33082 EMP33083 EMP33084 EMP33085	Nolans, NT	Arafura Nolans Project Pty Ltd	Extractive Mineral Permit	100%	100%	