ASX ANNOUNCEMENT

QUARTERLY ACTIVITIES REPORT AND APPENDIX 5B FOR PERIOD ENDING 30 JUNE 2025

29 July 2025

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Arafura Rare Earths Limited (**ASX: ARU**) (**Arafura** or the **Company**) advises that during the June 2025 quarter, it continued to advance its equity funding strategy for the Nolans Project (the **Project** or **Nolans**), targeting select cornerstone investors with strategic alignment with the Project.

HIGHLIGHTS

- Arafura's Nolans Project enters the appraisal phase for potential equity investment from the German Raw Materials Fund, with Arafura seeking up to €100 million (A$175 million) tied to supply from Nolans
- Active sales and marketing program underway in Germany with a number of prospective offtake partners in support of potential funding under the German Raw Materials Fund
- Intensifying geopolitical focus on rare earths continues to drive strong market momentum, strengthening the strategic position of the Nolans Project as the leading construction-ready project in the development pipeline
- Post 30 June, a bifurcation of pricing materialised as the United States Department of Defense set a floor price for NdPr product from its offtake partner and Benchmark Mineral Intelligence announced the addition of a European and North American rare earth oxide pricing index to commence from 31 July, 2025
- Cash balance of A$27 million at 30 June 2025 (versus A$37 million as at 31 March 2025)

Arafura's Managing Director Darryl Cuzzubbo said:

"*Against a backdrop of ongoing geopolitical shifts and supply chain pressures, the strategic significance of Arafura's Nolans Project has been amplified. The economic imperative is compelling. The strategic imperative is compelling and the Nolans Project stands ready as the most advanced, globally significant ore-to-oxide rare earths project.*

As rare earths enters a new era of growth, establishing new sectors requires equitable risk sharing between government and industry through direct investment and offtake. We are encouraged by the proactive stance of governments globally. Earlier this month, Germany's Interministerial Committee referred our Nolans Project to the German Raw Materials Fund (GRMF) for appraisal. We're excited by the prospect of GRMF's investment and opportunity to partner with them as a cornerstone investor. Our confidence in securing our equity investment target remains high, given the substantial progress we're making with all our potential cornerstone investors."

-ENDS-

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MACROECONOMIC DEVELOPMENTS

On 4 April, China announced export controls on a variety of rare earth materials and high-performance Neodymium Iron Boron (**NdFeB**) magnets containing Dysprosium (**Dy**) and Terbium (**Tb**), resulting in a dramatic decline in magnet exports. In May, China's export volumes halved to 1,238 tonnes from 2,626 tonnes in April, equating to a 74.3% decline year-on-year.

While the export controls are directed at high-performance magnets for defence or dual-use applications, the onerous process of exporters applying for licenses and heightened vigilance from Chinese customs has led to widespread supply chain disruption. The European Association of Automotive Suppliers reported the shutdown of several production lines and plants across Europe. Similarly, the United States automotive industry has been impacted, with Ford's CEO declaring that the company is struggling with supply chain issues. China's export controls have been most targeted towards the United States of America (**US**), resulting in exports declining 93.3% year-on-year in May, in retaliation for tariffs on China imports exceeding 100%.

The export control measures require exporters to submit extensive end-use customer data to obtain the licenses, which reportedly require renewal every three to six months. These measures will present an ongoing supply chain risk, as they provide a mechanism for China to selectively restrict supplies to specific companies, industries, and regions. China has now further entrenched its control of the rare earth magnet value chain with the following levers at its disposal:

- Proposal to introduce imports to the production quota system, influencing the pathway to market for global developers of rare earth ore and concentrate projects.
- Control of rare earth technologies, as recently displayed by the licensing of separation technology for ionic clay projects in Malaysia.
- VAT rebates on NdFeB magnet exports from China.
- Export controls on high-performance magnets and rare earth materials.

Risks within the magnet supply chain, driven by concentrated market dominance, have been building over several years. Recent actions by China have underscored the seriousness of this threat, reinforcing the global push for supply chain diversification. This shift, supported by state-backed initiatives and coordinated efforts, continues to position the Nolans Project as an enabler of supply chain independence for western industries.

The recent G7 forum in June exemplifies some of these initiatives with an action plan that includes:

- Development of standards-based markets including traceability and reporting systems, stronger environmental and social frameworks and increased transparency.
- Mobilisation of capital to support critical minerals projects including immediate and scaled investment through the European Union's Critical Raw Materials Act, Export Credit Agencies and development finance institutions.
- Increased innovation across the value chain.

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Subsequent to quarter end, the US Department of Defense (**DoD**) announced an integrated investment and offtake arrangement with US-based rare earth producer MP Materials (**MP**). The arrangement will see DoD invest US$400 million for a 15% interest in MP. Funds from the equity investment will be used to construct a new 7,000tpa magnet manufacturing facility in the US. Importantly, the DoD will provide significant product pricing support to MP through two mechanisms:

- A 10-year neodymium and praseodymium (**NdPr**) floor price guarantee of US$110 per kilogram applicable to all NdPr material either sold, stockpiled or consumed.
- A 10-year earnings before interest tax, depreciation and amortisation (**EBITDA**) guarantee via an offtake agreement covering all magnets produced at MP's proposed new magnet manufacturing facility. Pricing under the offtake agreement will be structured to deliver MP US$140 million annual EBITDA from the facility.

The arrangement between the DoD and MP highlights how western rare earth production is being strategically captured to specific regions, backed by substantial government support. The key impacts for the Nolans Project and the rare earth sector include:

- The DoD's floor price and EBITDA guarantee provides evidence of price bifurcation emerging to incentivise western rare earth supply which has the potential to materially improve the long-term NdPr price outlook for these sources of supply.
- The arrangement sets a benchmark for substantial government intervention to facilitate the development of domestic rare earth supply chains and a functional rare earth market.
- Reinforcing the Nolans Project's ore-to-oxide processing model as essential to bypassing China and delivering supply chain independence.

Further to quarter end, price reporting agency (**PRA**) Benchmark Minerals Intelligence (**BMI**) had reportedly observed a growing bifurcation in rare earths pricing as a consequence of China's export controls, and to address this shift and in direct response to frequent requests from Arafura and other market participants, it announced the introduction of an ex-China pricing assessment. This consists of a praseodymium-neodymium oxide, (CIF Europe and North America) and a dysprosium and terbium oxide price (CIF Europe). BMI has played a significant role in the lithium industry, establishing itself as one of the most credible and widely accepted ex-China PRAs in the battery materials sector.

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PROJECT DELIVERY

Technology Development

The Nolans Project's flowsheet has been optimised for NdPr recovery given the significant portion of revenue it contributes. As a result, a significant portion of the SEG/HRE (middle and heavy rare earths) are not currently recovered into final products and are contained in the waste liquor from acid purification.

With the completion of acid purification piloting in 2023 (see ASX announcement dated 28 July 2023), and subsequent incorporation of pilot results into the design of the Nolans Project flowsheet, the nature of this waste liquor was confirmed, thereby paving the way for consideration of its recovery, and the subsequent registration of this opportunity for potential future development.

Recent China export restrictions on heavy rare earths have increased the focus on the strategic importance of Dy and Tb, which are contained within Arafura's SEG/HRE product. As such, the Company has decided to advance this recovery opportunity and is currently progressing an initial program of test work with a local laboratory.

Test work completed for an earlier version of the Nolans Project's flowsheet is being leveraged to inform the test work development program tasked with the recovery of SEG/HRE from acid purification waste liquor to increase the overall recovery of Dy and Tb.

Engineering and Design

Hydrometallurgical Plant

The engineering team has completed current activities on key process deliverables in preparation for the commencement of the detailed engineering and design phase.

In addition, design development continued with a particular focus on plant optimisation to provide operational efficiency and maintain, or where possible reduce, capital cost.

Power Station

Negotiations between the Company and the power station solutions provider for the development of a power-purchase agreement progressed with drafting of the legal documentation underway.

Gas Supply

The Company continued its review of the Northern Territory gas market in light of evolving conditions and increased gas availability in the region.

On 31 March 2025, Arafura Nolans Project Pty Ltd, a wholly owned subsidiary of the Company, executed a non-binding letter of intent with Tamboran Resources Ltd (ASX: TBN) for the supply of 18 to 25 terajoules per day of natural gas to the Nolans Project for up to 10 years. Tamboran remains the largest acreage holder in the Beetaloo Sub-basin, situated approximately 650 kilometres north of Nolans in the Northern Territory. Tamboran reported excellent drilling results in the June 2025 quarter and has confirmed that its drilling program is now fully funded.

Discussions between the parties regarding the full form term sheet have progressed well. Both parties are working in good faith to finalise definitive documentation. Any agreement will be subject to customary conditions precedent, including final investment decisions by both boards and the receipt of all necessary regulatory approvals. This partnership with Tamboran is expected to secure a long-term, reliable gas supply for the Nolans Project on favourable terms, supporting the Project's operational and commercial objectives.

Arafura will provide an update to the market as negotiations advance and milestones are achieved.

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Non-Process Infrastructure

Further review and optimisation of the design options for the Nolans Project residue storage facility will commence during the September 2025 quarter. Consideration will be given to updated design data including improvements to environmental impacts, alternative construction and storage arrangements and alternative methods of storage.

Procurement and Contracts

General

A number of minor works with key technical providers were progressed during the quarter with a focus on engineering and design opportunities, targeting proposed capital optimisation initiatives.

Construction

On-site activities were limited to 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. As an outcome from the initial Systems Verification Audit in February 2025, the Company is updating the applicable management systems in preparation of the full Systems Verification Audit in late 2025.

OPERATIONAL READINESS

During the quarter the Company commenced a gap analysis review for the Nolans Project safety case and its required inputs. This work will provide the outline of the obligations required from the Company and its lead engineer in the two-year period following the lodgement of the Major Hazard Facility Notification once a final investment decision (**FID**) is announced.

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. During the quarter, the Company continued to review optimisation opportunities for the delivery of Nolans, with a focus on ensuring execution risk is minimised.

Arafura will update the market should there be a material change to the Project delivery or economics.

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

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OPERATIONAL LICENCING

Radiation Protection and Radioactive Waste Management Plan (RPRWMP)

On 20 March 2025, the Company's revised RPRWMP addressing all requests for information was submitted to Department of Climate Change, Energy, the Environment and Water (**DCCEEW**). Subsequent to the end of the quarter on 11 July 2025, Arafura received confirmation that the RPRWMP had been approved by the delegate of the Minister for the Environment and Water. The approved RPRWMP will now be implemented, ensuring maintenance of accurate records of all activities associated with, or relevant to, the conditions of approval so that they can be made available to DCCEEW on request.

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 of schedule delay with the assessment of the revised MMP.

Water licencing

An application for minor amendments to Arafura's two water licences for the Nolans Project has been reviewed by Northern Territory 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 of schedule delay with the approval of these minor amendments.

A routine compliance site visit was conducted by the DLPE on 11 June 2025 to assess compliance with the Company's two water licences. Only minor actions to address operation by the local pastoralist were raised at one of the monitoring bores and are scheduled to be undertaken shortly.

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 the Nolans Project, 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].

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

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Stakeholder Engagement

Local stakeholder engagement continued with meetings held with the community liaison committee, as well as ongoing local and indigenous engagement and consultation programs.

The Company met with key Northern Territory Government Ministers during the quarter. The Ministers subsequently provided letters of support for the Nolans Project, which were sent to their Federal counterparts in Canberra with the intention of assisting in the strengthening of Arafura's position with the Federal Government.

Strong engagement continued with the Nolans Project Traditional Owners and local communities with working groups for community and workforce development established at the Liaison Committee Meeting. Work continued with the Company's Indigenous Youth Partnership and Indigenous Business Development Programs.

To celebrate Earths Science Week and Women in STEM, the Company and two of our female environmental scientists partnered with the Minerals Council Australia Northern Territory division to host students from local Alice Springs schools. The students learnt about the interface between mining, science, geology, environmental management and the critical roles women play in these areas. The day included a field trip to an archaeological site in Alice Springs, interactive demonstrations and activities.

Environmental Management

Environmental monitoring continued on-site to collect baseline data. Dust and radiation 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.

Following the introduction of a drone during the previous quarter, Arafura continues to develop its capability with increased accuracy and multispectral camera that offers significant improvement in monitoring options on vegetation and borefield drawdown.

EXPLORATION

Nolans Bore

Activities continued to focus on progressing mining-related studies. No on-ground exploration activity occurred in the quarter.

NEODYMIUM AND PRASEODYMIUM (NdPr) MARKET

The price of NdPr oxide increased by 1.5% during the quarter, closing at US$61.88 per kilogram. Prices started to decline from 9 April 2025 due to export controls introduced by China, reaching a low US$55.78/kg by late April 2025. Prices rose again after the US and China's trade talks in Geneva during May 2025, where a 90-day suspension of rare earth export controls was agreed for companies in the US.

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Despite the softening demand from global end-use markets and recent export controls, which have caused a build-up of inventory throughout the value chain, prices have remained firm. A contributing factor may be China's delay in issuing its first-half rare earth quotas, which has fuelled speculation China may allow prices to strengthen. Following the quarter-end, it was reported that China had discretely allocated the quotas, a departure from the traditional practice of a formal Government announcement. The Chinese government has continued its centralisation of control of its rare earth sector, limiting quota eligibility now to two state-owned enterprises from six companies previously.

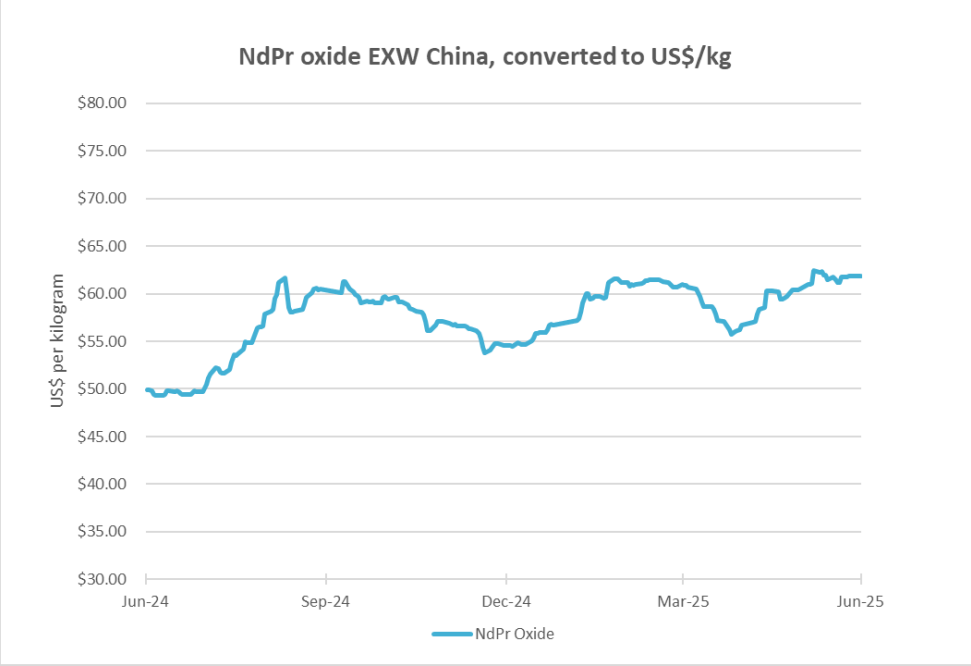


Figure 1: NdPr Oxide Price EXW China (inclusive VAT) converted to US$

Exports from Myanmar to China have resumed and reached 4,727 tonnes in April 2025 and 5,435 tonnes in May 2025 from a low 311 tonnes in February 2025. In parallel, China has also been increasing imports from Laos with 3,309 tonnes in May 2025. MP has partially offset the increase in China imports by ceasing the export of rare earth concentrates after China imposed a 125% import tariff on US goods.

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OFFTAKE AND PROJECT FUNDING

Offtake from the Nolans Project

Arafura advanced discussions with potential offtakers to complete the targeted 80% of production sold under binding offtake arrangements. Binding offtake agreements announced to the market currently represent 66% percent of Arafura's binding offtake target.

With equity investment consideration from the GRMF tied to offtake supporting German and European industry, Arafura is targeting a minimum of 500tpa of NdPr oxide for this market, in addition to the 520tpa offtake with Siemens Gamesa RE[4]. Arafura has an active sales and marketing program with a number of prospective German offtake partners in support of this.

Table1: Offtake overview

Offtake Discussion Group	Location	NdPr Oxide (tpa)[1]	% of Binding Offtake Target[2]
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%**
Target Market Engagement for Remaining Offtake[3]			
GRMF[4] – Industry Groups	Germany/Europe	500	14%
OEM Wind/Auto, Tier 1 & Trading	Asia, Europe & US	730	20%
Sub-total		**1,230**	**34%**
TOTAL BINDING OFFTAKE		**3,550**	**100%**
Uncontracted Production			
	Spot Market Sales	890	
TOTAL PRODUCTION		**4,440**	

[1] Product may be supplied as NdPr oxide or metal equivalent.
[2] The Company is targeting 80% of planned production as binding offtake. Planned production refers to the average annual production from the Nolans Project, being 4,440 tpa of NdPr oxide (refer ASX Announcement dated 11 November 2022).
[3] The Company, at this stage, has no certainty as to the timing and likelihood of successfully concluding binding offtake agreements.
[4] German Raw Material Fund (GRMF) Update (refer ASX Announcement dated 8 July 2025)

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Project Funding – Debt

The Company continued to engage with the international group of Export Credit Agencies (**ECA**) and commercial lenders that have committed debt funding for the development of the Nolans Project through the quarter. The indicative debt structure and lender allocations remain unchanged from the previous quarter and are shown below (refer Table 2).

A number of lender credit approvals expired during the June 2025 quarter and Arafura has worked with all lenders to extend these conditional credit approvals. Credit approval extensions have been underscored by the progress of Arafura's equity funding strategy and recent developments in the rare earth market including tariffs and the introduction of rare earth export controls by China. As at the date of this report, all credit approvals remain current. There is ongoing engagement with all lenders to ensure lender approvals remain current through to FID and contractual close with the lender syndicate.

Project finance documentation and legal agreements including the common terms deed, syndicated facility agreement, individual facility agreements and other intercreditor and security deeds are all either at an advanced stage or largely agreed. Other documents including the contingent instrument facilities and hedging agreements are being advanced separately with the relevant commercial lenders.

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[3] 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.

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Project Funding – Equity

In September 2024, the German Federal Government announced the allocation of €1 billion to the GRMF. In late 2024, Arafura applied for a €100 million investment from the GRMF in its Nolans Project, which was forwarded for review to the Interministerial Committee (**IMC**) for raw material projects.

Investment of €50 million is being pursued linked to the Siemens Gamesa 520tpa NdPr supply agreement with Arafura seeking an increase to €100 million (A$175 million[1]) based on an additional 500tpa of supply into the German market (subject to a separate approval from the IMC). Arafura has an active sales and marketing program with a number of prospective German offtake partners. Additional offtake volumes, if secured, will be used to support a higher level of potential investment from the GRMF.

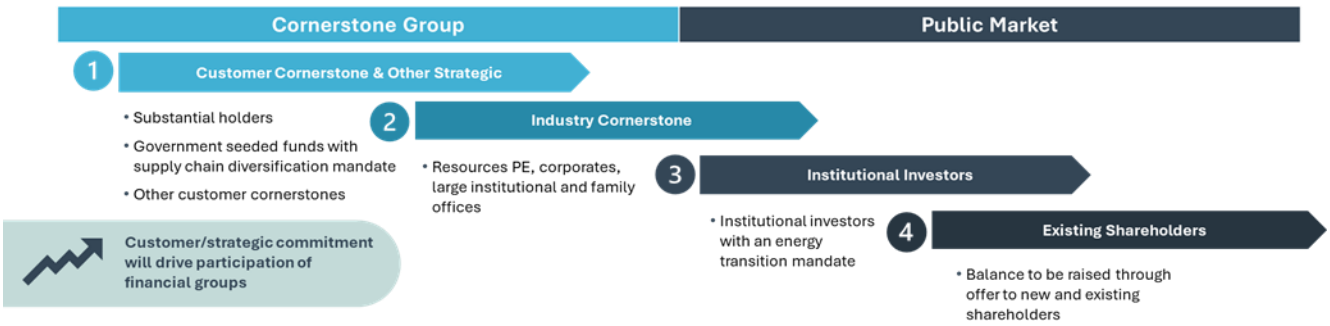
The IMC consists of representatives of the Federal Ministry for Economic Affairs and Climate Action and the Federal Ministry of Finance. The IMC has concluded the Nolans Project should proceed to the appraisal phase. KfW, a leading German state-owned development bank, will coordinate with Arafura to review the key features of the Nolans Project including offtake, governance, environmental and social management and financing.

PwC has been selected by the IMC as the independent expert to prepare an assessment of the economic viability and risk justifiability of the Nolans Project. PwC previously conducted a similar review for the IMC as part of the approval process for the untied loan guarantees from Euler Hermes Aktiengesellschaft[2].

The entry into the appraisal phase demonstrates further progress against the Nolans Project equity funding strategy targeting cornerstone investment from government seeded critical minerals funds, customers and other strategic investors.

It further complements the A$200 million investment commitment from Australia's National Reconstruction Fund Corporation (refer to ASX announcement dated 15 January 2025).

Figure 2: Equity strategy



[1] Converted at EURAUD of 1.75.
[2] Refer to ASX announcement dated 4 July 2024.

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FINAL INVESTMENT DECISION AND PROJECT SCHEDULE

During the quarter Arafura continued to review a potential JV opportunity which is being evaluated against the Company's existing funding strategy to determine the most value accretive funding solution for shareholders. This funding alternative in being progressed in parallel to the Company's existing strategy which is targeting cornerstone investment from government seeded funds and other strategic investors. In compliance with Arafura's continuous disclosure obligations, an ASX announcement will be made to the market if and when a JV agreement is reached in respect of the Nolans Project[1].

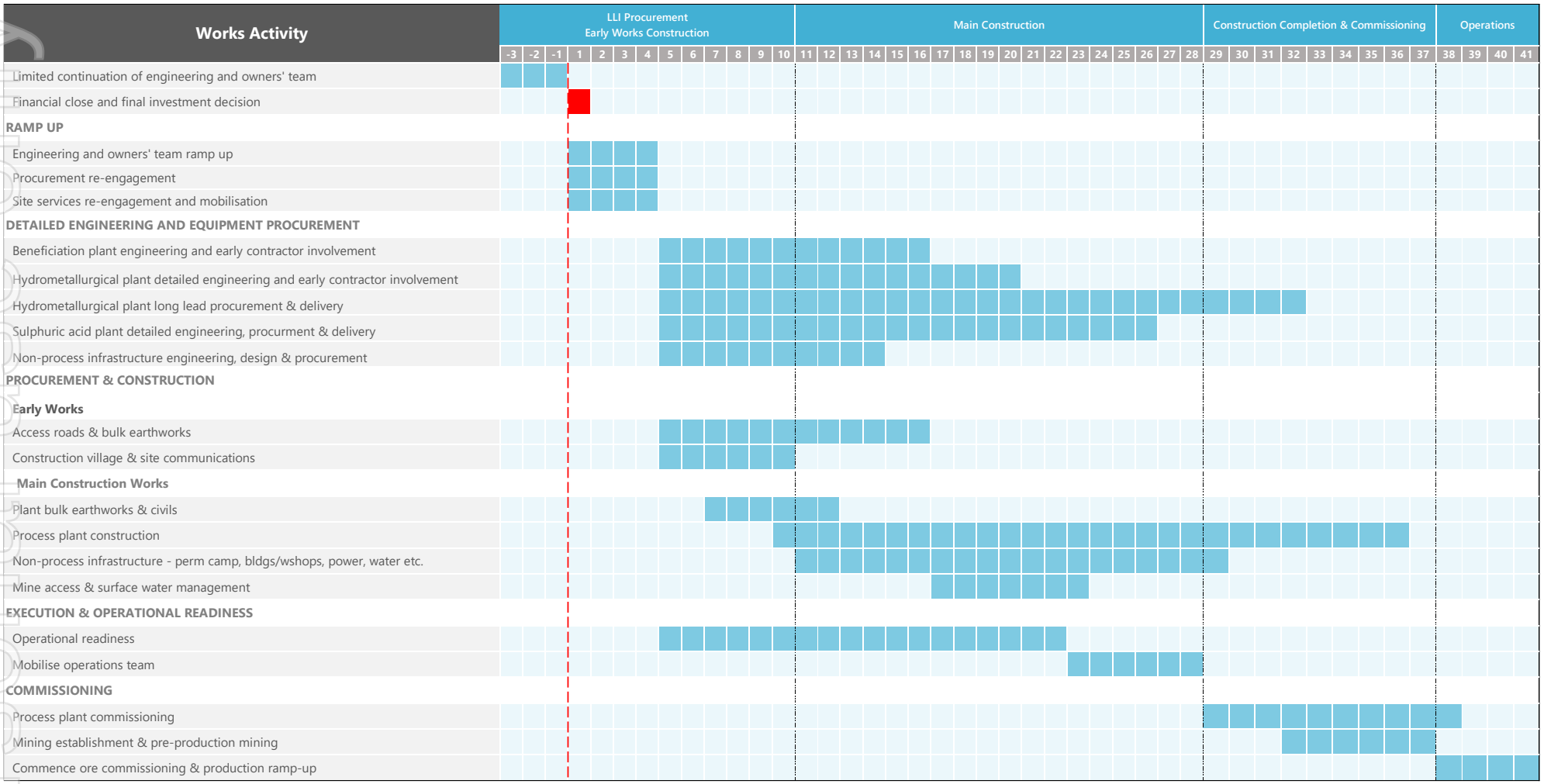
Arafura continues to capitalise on the rapidly evolving rare earth market to progress its funding initiatives toward FID. The Nolans Project, one of only two projects selected for the appraisal phase under the GRMF, is being increasingly recognised for its strategic significance and advanced status. The long lead activities of Arafura's equity funding strategy are expected to be the GRMF's appraisal phase and securing the additional German offtake required to support the GRMF's potential €100 million investment. Arafura looks forward to working closely with KfW and the IMC to accelerate these activities. As the appraisal phase and other funding initiatives progress, the Company will provide more definitive guidance on the timing of FID.

The indicative execution schedule from FID to start-up is shown in Figure 3 and totals 41 months including a four-month ramp-up of the Project's delivery team before construction works commence. The four-month ramp-up period will also provide an opportunity for Arafura to retest market prices and re-tender 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.

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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.

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CORPORATE

Cash Position

On 30 June 2025, Arafura had cash reserves of A$27.2 million (versus A$37.2 million as at 31 March 2025).

During the quarter, the Company spent ~A$0.3 million on exploration and evaluation activities, ~A$2.1 million on corporate, administration and business development costs and ~A$6.7 million on project development activities including:

- Detailed engineering on the hydrometallurgical plant.
- Engineering activities on other aspects of the Nolans Project.
- Project management.
- Site overheads.
- One-off costs associated with the termination of the Nolans Project construction camp contract totalling A$4.1 million which was announced in the March 2025 quarterly report. Of this, A$2.6 million relates to accrued costs which were payable by Arafura regardless of the contract termination.

Cash outflows from recurring activities (excluding the termination construction camp contract) have continued to reduce in the current quarter, averaging ~A$2.0 million per month (versus ~A$2.5 million per month in the prior quarter). The Company continues to maintain financial runway through to at least the first quarter of 2026 calendar year.

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 June 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.

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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.

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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	30 June 2025

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	(6,730)	(23,448)
	(c) production	-	-
	(d) staff costs	(1,203)	(5,503)
	(e) administration and corporate costs	(940)	(7,648)
1.3	Dividends received	-	-
1.4	Interest received	297	1,720
1.5	Interest and other costs of finance paid	(4)	(39)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other	-	-
1.9	**Net cash from / (used in) operating activities**	**(8,580)**	**(34,918)**

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2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements and bonds	-	-
	(c) property, plant and equipment	(1,000)	(1,033)
	(d) exploration and evaluation	(344)	(1,974)
	(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)	2	267
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**	**(1,342)**	**(2,742)**

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	-	-

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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)	(138)	(532)
3.10	**Net cash from / (used in) financing activities**	**(138)**	**22,675**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	37,238	42,170
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(8,580)	(34,918)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,342)	(2,742)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(138)	22,675
4.5	Effect of movement in exchange rates on cash held	-	(7)
4.6	**Cash and cash equivalents at end of period**	**27,178**	**27,178**

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	27,178	37,238
5.2	Call deposits	-	-

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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)**	**27,178**	**37,238**

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.		

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Not applicable.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(8,580)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(344)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(8,924)
8.4	Cash and cash equivalents at quarter end (item 4.6)	27,178
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	27,178
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.0
	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.	

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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: 29 July 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.

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APPENDIX A – MINING TENEMENTS HELD AS AT 30 JUNE 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 30 JUNE 2025

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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%	