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ASX ANNOUNCEMENT

ARAFURA SUCCESSFULLY COMPLETES A$80 MILLION PLACEMENT AND LAUNCHES A$5 MILLION SHARE PURCHASE PLAN

20/08/2025

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- **Firm commitments received for an ~A$80 million two-tranche institutional Placement at A$0.190 per New Share. Tranche One of the Placement to raise ~A$70.2 million and Tranche Two of the Placement, which is subject to shareholder approval, to raise ~A$9.8 million.**
- **Existing shareholders will be eligible to participate in the capital raising via a non-underwritten SPP targeting to raise approximately A$5 million at the same offer price as the Placement (A$0.19 per New Share).**
- **The transaction received strong support from high-quality domestic and international institutional investors, as well as from existing shareholders, including Arafura's largest shareholder, Hancock Prospecting.**
- **Upon settlement of the Placement, Arafura will be well-capitalised with a cash balance of ~A$107 million (before costs). Arafura intends to apply excess funds available upon reaching FID towards Nolans development.**
- **Arafura continues to make strong progress on its equity funding strategy, including its 60% cornerstone target, with key achievements noted below:**
    - **Australia's National Reconstruction Fund Corporation has provided a A$200m (US$133 million) equity-linked commitment;**
    - **German Raw Materials Fund has entered the appraisal phase for a potential equity investment of up to ~€100 million (~US$113 million);**
    - **Export Finance Australia has provided a non-binding conditional Letter of Interest in relation to a potential equity investment with a substantial commitment being negotiated; and**
    - **Discussions with other parties, including potential customers and major shareholders, remain ongoing.**

Arafura Rare Earths Limited (**ASX: ARU**) (**Arafura** or the **Company**) is pleased to announce that it has received firm commitments to raise ~A$80 million (before costs) via a two-tranche institutional placement (**Placement**). Under the Placement, the Company expects to issue approximately 421.1 million new fully paid ordinary shares (**New Shares**) at an offer price of A$0.190 per New Share (**Offer Price**).

In addition to the Placement, the Company is also undertaking a share purchase plan (**SPP**) targeting to raise approximately A$5 million. Shares will be offered under the SPP to existing shareholders at the same price as under the Placement, being A$0.190 per New Share.

Together, the Placement and SPP (if the SPP is fully subscribed) is expected to raise total gross proceeds of approximately ~A$85 million (before costs).

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Commenting on the capital raising, Arafura's Managing Director, Darryl Cuzzubbo, said:

"This inbound led Placement partially de-risks the final equity raise while also enhances the Company's negotiating leverage as we look to close out discussions with a range of potential strategic equity partners and deliver on the equity funding strategy.

*Arafura has taken the opportunity expand its register ahead of a final investment decision (**FID**) with strong demand from high quality new and existing institutional investors. The interest is a testament to the high-quality nature of the Nolans Rare Earth Project (**Nolans**) and the significant work undertaken by the Company to advance and de-risk its development.*

Whilst this Placement strengthens our balance sheet, the majority of proceeds will be used to accelerate main construction at FID.

In addition, the strong tailwinds for Western supply of rare earths, highlighted by MP Materials recent partnership with the U.S. Department of Defence, gives Arafura confidence that it can finalise its equity funding package in a timely and attractive manner.

We are also pleased to offer our existing eligible shareholders the opportunity to participate in this equity raising via the SPP, which is expected to open on Wednesday, 27 August 2025.

On behalf of Arafura's Board and management team, I wish to extend a warm welcome to our new shareholders and thank all of our existing shareholders for their continued support."

Use of Funds

Proceeds from the Placement and SPP provide Arafura with an extended cash runway, while de-risking the overall equity funding requirement for Nolans. Arafura will apply proceeds from the capital raising, together with existing cash on hand, towards the following purposes:

- Corporate, working capital and transaction costs; and
- Allocation to project development capital upon FID.

Placement Details

New Shares under the Placement will be issued in two tranches:

- **Tranche 1:** the Company will issue 369.6 million New Shares at an Offer Price of A$0.190 per New Share, raising a total of ~A$70.2 million (before costs) (**Tranche One Placement**); and

- **Tranche 2:** subject to shareholder approval, the Company will issue 51.4 million New Shares at an Offer Price of A$0.190 per New Share, raising a total of ~A$9.8 million (before costs) (**Tranche Two Placement**).

The Offer Price of A$0.190 per New Share represents a discount of 13.6% to Arafura's last closing share price of A$0.220 per share on Friday, 15 August 2025 and a discount of 9.2% to Arafura's 5-day volume weighted average price of A$0.209 per share up to and including Friday, 15 August 2025.

New Shares under the Tranche One Placement will be issued within the Company's existing placement capacity in accordance with ASX Listing Rule 7.1 (and will not require shareholder approval). Settlement of the Tranche One Placement is expected to occur on Monday, 25 August 2025, with New Shares issued on Tuesday, 26 August 2025.

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Completion of the Tranche Two Placement is subject to shareholder approval, which will be sought at an Extraordinary General Meeting (**EGM**) expected to be held on or around Friday, 26 September 2025. Pending shareholder approval, settlement of the Tranche Two Placement is expected to occur on Wednesday, 1 October 2025, with New Shares issued on Thursday, 2 October 2025.

New Shares issued under the Placement will rank equally with the Company's existing fully paid ordinary shares on issue.

The Placement is not underwritten. Barrenjoey Markets Pty Limited and Canaccord Genuity (Australia) Limited acted as Joint Lead Managers and Bookrunners to the Placement. Johnson Winter Slattery is acting as legal advisor to the Company.

SPP Details

In addition to the Placement, Arafura will be undertaking a non-underwritten SPP targeting to raise approximately A$5 million (before costs). Proceeds raised under the SPP will be used for the same purposes as described above.

Eligible Arafura shareholders, being those who have a registered address in Australia or New Zealand at 7:00pm (AEST) on 7.00pm, Tuesday, 19 August 2025 (**Record Date**), will be invited to subscribe for up to A$30,000 of New Shares in the Company under the SPP (free of brokerage and transaction costs). The offer price under the SPP is A$0.19 per New Share, which is the same as the Offer Price for the Placement.

The shares issued under the SPP will rank equally with the Company's existing fully paid ordinary shares on issue.

As the SPP is not underwritten, the SPP may raise less than A$5 million. However, if the Company receives applications for more than A$5 million, the Company reserves the right to accept applications that result in the SPP raising more than the targeted amount. The Company also retains the right to scale-back applications (in whole or in part) at its absolute discretion (subject to the ASX Listing Rules).

Further details of the SPP will be set out in the SPP Offer Booklet, which will be released to the ASX and made available to eligible shareholders on or around Wednesday, 27 August 2025.

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Indicative Timetable

Event	Date (AEST/AEDT[1])
Placement	
Trading halt lifted and announcement of completion of Placement	Wednesday, 20 August 2025
Settlement of New Shares under Tranche One Placement	Monday, 25 August 2025
Issue, quotation and trading of New Shares under the Tranche One Placement	Tuesday, 26 August 2025
EGM to approve issue of New Shares under the Tranche Two Placement	Friday, 26 September 2025
Settlement of New Shares under the Tranche Two Placement	Wednesday, 1 October 2025
Issue, quotation and trading of New Shares under the Tranche Two Placement	Thursday, 2 October 2025
SPP	
Record Date	7pm AEST Tuesday, 19 August 2025
SPP offer opens, SPP Offer Booklet is dispatched	Wednesday, 27 August 2025
SPP offer closes	5pm AEST on Friday. 3 October 2025
Issue of New Shares issued under SPP	Friday, 10 October 2025
Commencement of trading of New Shares issued under SPP	Tuesday, 14 October 2025

This timetable is indicative only and the Company may, at its discretion (subject to any applicable laws and the ASX Listing Rules), vary any of the above dates. The Company reserves the right to close the SPP early or to withdraw the SPP, in its sole and absolute discretion, by lodging an announcement with the ASX. The commencement of trading and quotation of New Shares is subject to ASX confirmation.

Additional Information

Further details of the Placement and SPP are set out in the Company's investor presentation lodged with the ASX today. The investor presentation contains important information, including key risks of investing in Arafura and foreign selling restrictions with respect to the Placement.

Under the ASX Listing Rules, Arafura directors are entitled to participate in the Placement, subject to shareholder approval, and are permitted to participate in the SPP if they are Australian / New Zealand residents and held shares in Arafura at the Record Date.

This announcement has been approved for release by the Board of Arafura.

-ENDS-

[1] *Note that AEDT commences on Sunday 5 October 2025. Accordingly, times in this timetable from 5 October 2025 refer to AEDT.*

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Summary Information

The following disclaimer applies to this announcement and any information contained in it. The information in this announcement is of a general background nature only and does not purport to be complete. It should be read in conjunction with the Company's other periodic and continuous disclosure announcements lodged with ASX Limited, which are available at www.asx.com.au. You are advised to read this disclaimer carefully before reading or making any other use of this announcement or any information contained in this announcement. In accepting this announcement, you agree to be bound by the following terms and conditions including any modifications to them.

Forward Looking Statements

This announcement includes forward-looking statements. These statements relate to the Company's expectations, beliefs, intentions or strategies regarding the future. These statements can be identified by the use of words like “will”, "progress", “anticipate”, “intend”, “expect”, “may”, “seek”, “towards”, “enable” and similar words or expressions containing same.

The forward-looking statements reflect the Company’s views and assumptions with respect to future events as of the date of this announcement and are subject to a variety of unpredictable risks, uncertainties, and other unknowns. Actual and future results and trends could differ materially from those set forth in such statements due to various factors, many of which are beyond our ability to control or predict. Given these uncertainties, no one should place undue reliance on any forward-looking statements attributable to the Company, or any of its affiliates or persons acting on its behalf. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Neither the Company nor any other person gives any representation, warranty, assurance, or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. To the maximum extent permitted by law, the Company and each of its advisors, affiliates, related bodies corporate, directors, officers, partners, employees and agents disclaim any responsibility for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise.

Not an offer of securities

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