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ASX ANNOUNCEMENT

ARAFURA ANNOUNCES A$475 MILLION PLACEMENT AND A$50 MILLION SHARE PURCHASE PLAN

28/10/2025

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- **Arafura launches ~A$475 million two-tranche institutional Placement at A$0.28 per New Share**
    - **Tranche One Placement to raise ~A$123.4 million; and**
    - **Tranche Two Placement, subject to shareholder approval, to raise ~A$351.6 million**
- **Arafura's largest shareholder, Hancock, has committed to subscribe for A$125 million in the Placement, which will result in Hancock holding an interest in the Company of ~15.7% upon completion of the Placement[2]**
- **With the exception of the Hancock Commitment, the Placement is fully underwritten**
- **The Placement follows the recent signing of the landmark US-Australia Framework for Securing Supply in the Mining and Processing of Critical Minerals and Rare Earths and the recent conditional approval from Export Finance Australia for an equity investment of up to US$100 million in Arafura**
- **Upon settlement of the Placement, Arafura will have a strong pro forma cash balance (30 September 2025) of ~A$584 million[1]**
- **Combined with conditionally approved debt and proposed cornerstone equity commitments, Arafura will have de-risked the total funding required for the development of the Nolans Project. Arafura is confident that these discussions will be finalised and is targeting FID in Q1 2026**
- **In addition to the Placement, Arafura is undertaking an SPP for eligible existing shareholders to raise approximately A$50 million at the same price as the Placement (A$0.28 per share)**

Arafura Rare Earths Limited (**ASX: ARU**) (**Arafura** or the **Company**) is pleased to announce that it has launched a ~A$475 million (before costs) two-tranche institutional placement (**Placement**). Under the Placement, the Company expects to issue approximately 1,696.4 million new fully paid ordinary shares (**New Shares**) at an offer price of A$0.28 per New Share (**Offer Price**).

Arafura's largest shareholder, Hancock Prospecting Pty Ltd (**Hancock**), has committed to subscribe for A$125 million (~446.4 million New Shares) in the Placement (**Hancock Commitment**). Following the Placement, Hancock will hold an interest in the Company of ~15.7%[2].

With the exception of the Hancock Commitment, the Placement is fully underwritten.

In addition to the Placement, the Company is also undertaking a share purchase plan (**SPP**) targeting to raise approximately A$50 million. New Shares will be offered under the SPP at the Offer Price of A$0.28 per New Share, which is the same price as under the Placement.

[1] *Before costs of the equity raising and excluding any proceeds raised under the SPP.*

[2] *Before any New Shares are issued under the SPP.*

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Together, the Placement and SPP (if the SPP is fully subscribed) will raise total gross proceeds of approximately A$525 million (before costs).

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

*"We are pleased to announce the launch of this significant A$475 million institutional placement, which marks a transformational milestone for Arafura as we advance towards a Final Investment Decision (**FID**) for the Nolans Rare Earths Project (**Nolans Project**).*

Combined with our conditional A$200m equity-linked commitment from the National Reconstruction Fund Corporation[3] and up to US$100 million conditional equity investment from Export Finance Australia[4], together with our US$775 million of conditional base senior debt, proceeds from this Placement will substantially de-risk the total funding required for the development of Nolans.

Following this Placement, we will continue to advance discussions with strategic customers and partners, for the balance of the funding required including the German Raw Materials Fund which is in the appraisal phase for a potential equity investment of up to ~€100 million[5].

The convergence of support from Australian and United States government agencies, announced under the landmark US-Australia Framework for Securing Supply in the Mining and Processing of Critical Minerals and Rare Earths, underscores the geopolitical significance of Western rare earth supply chains and the Nolans Project, being Australia's first fully integrated ore to oxide rare earths operation. The US$300 million non-binding Letter of Interest from Export-Import Bank of the United States[6] is further validation of the strategic importance of the Nolans Project and the strong tailwinds for our sector. In light of this backdrop, we are confident that we can finalise our remaining 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 Thursday, 6 November 2025.

On behalf of Arafura's Board and management team, I look forward to welcoming new shareholders who share our vision for establishing a sustainable Western rare earths supply chain, and I thank all of our existing shareholders for their continued support as we progress towards FID and construction."

Use of Funds

Proceeds from the Placement and SPP will be applied to the following purposes:

- Nolans Project capital costs, financing costs, and the cash component of the cost overrun facilities; and
- Corporate, working capital and transaction costs.

[3] *Refer to ASX announcement dated 15 January 2025.*

[4] *Refer to ASX announcement dated 12 August 2025. Quantum to be confirmed. It is anticipated that the EFA investment will be substantial, in line with other government seeded funds.*

[5] *Refer to ASX announcement dated 8 July 2025. Quantum to be confirmed.*

[6] *Refer to ASX announcement dated 21 October 2025.*

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Placement Details

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

- **Tranche 1:** the Company will issue approximately 440.6 million New Shares at an Offer Price of A$0.28 per New Share, raising a total of ~A$123.4 million (before costs) (**Tranche One Placement**); and
- **Tranche 2:** subject to shareholder approval, the Company will issue approximately 1,255.9 million New Shares at an Offer Price of A$0.28 per New Share, raising a total of ~A$351.6 million (before costs) (**Tranche Two Placement**).

The Offer Price of A$0.28 per New Share represents a discount of 25.3% to Arafura's last closing share price of A$0.375 per share on Monday, 27 October 2025 and a discount of 38.6% to Arafura's 5-day volume weighted average price of A$0.456 per share up to and including Monday, 27 October 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, 3 November 2025, with New Shares issued on Tuesday, 4 November 2025.

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 in December 2025. Pending shareholder approval, settlement of the Tranche Two Placement is expected to occur on Thursday, 11 December 2025, with New Shares issued on Friday, 12 December 2025.

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

With the exception of the Hancock Commitment, the Placement is fully underwritten. Barrenjoey Markets Pty Limited and Canaccord Genuity (Australia) Limited are acting as Joint Lead Managers, Bookrunners and Underwriters 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 SPP targeting to raise approximately A$50 million (before costs). Proceeds raised under the SPP will be used for the same purposes as described above. The SPP is not underwritten.

Eligible Arafura shareholders, being those who have a registered address in Australia or New Zealand at 7:00pm (AEDT) on Monday, 27 October 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$0.28 per New Share, which is the same as the Offer Price for the Placement.

New 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$50 million. However, if the Company receives applications for more than A$50 million, the Company reserves the right to accept oversubscriptions of up to A$20 million. The Company also retains the right to scale-back applications (in whole or in part) in its absolute discretion (subject to the ASX Listing Rules).

Applications for New Shares under the SPP will be capped at a maximum of A$30,000 per eligible shareholder, across all their holdings.

The Company notes that it recently completed a share purchase plan on 10 October 2025 in reliance on ASX Listing Rule 7.2 (Exception 5) and *ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547* (**ASIC**

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Instrument), and now wishes to offer eligible shareholders the ability to acquire up to a further A$30,000 worth of New Shares under the SPP. As the ASIC Instrument and ASX Listing Rule 7.2 (Exception 5) only allow a maximum investment of A$30,000 in any 12-month period, the Company is currently unable to rely on the ASIC Instrument or ASX Listing Rule 7.2 (Exception 5) in respect of the proposed SPP. Accordingly, the offer and issue of the New Shares under the SPP will be:

- made under a prospectus that will be prepared and lodged with ASIC (and released to ASX) in due course (**Prospectus**); and
- subject to shareholder approval for the purposes of ASX Listing Rule 7.1.

At the EGM (see above), in addition to seeking shareholder approval for the issue of New Shares under the Tranche Two Placement, a resolution will be put to shareholders to approve the issue of New Shares under the SPP. Directors (and their associates and any other person referred to in ASX Listing Rule 10.11) who are eligible shareholders will only be permitted to participate in the SPP (on the same terms as all other eligible shareholders) subject to shareholder approval. To the extent any such parties wish to participate in the SPP, the Company will seek the relevant approval at the EGM.

The terms and conditions of the SPP will be set out in the Prospectus. Participation in the SPP is optional and the Company reserves the right to scale back any applications under the SPP or to raise more or less than A$50 million in its absolute discretion.

If the SPP raises less than A$50 million (before costs), the directors reserve the right to place any SPP shortfall shares at their discretion at the Offer Price, subject to shareholder approval being obtained (at the EGM) and to compliance with the ASX Listing Rules and *Corporations Act 2001* (Cth) (**Corporations Act**). Any SPP shortfall offer will be a separate offer made pursuant to the Prospectus. For the avoidance of doubt, if the Company accepts any oversubscriptions under the SPP, there will be no shortfall and, accordingly, no SPP shortfall offer. Directors (and their associates and any other person referred to in ASX Listing Rule 10.11) may only participate in any SPP shortfall offer if shareholder approval is obtained in due course.

In relation to the EGM (and the shareholder approval required for the SPP), the Company will, over the coming days, seek a waiver from ASX Listing Rule 7.3.9 to permit the Company to include a resolution in the notice of meeting to approve the issue of New Shares under the SPP to not include a voting exclusion statement that excludes votes of persons who may participate in the SPP. Further details will be provided once the waiver application has been progressed and feedback received from ASX.

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Indicative Timetable

Event	Date (AEDT)
Placement	
Trading halt and announcement of the Placement and SPP	Tuesday, 28 October 2025
Placement bookbuild	Tuesday, 28 October 2025
Trading halt lifted and announcement of completion of the Placement	Wednesday, 29 October 2025
Settlement of New Shares under Tranche One Placement	Monday, 3 November 2025
Issue, quotation and trading of New Shares under the Tranche One Placement	Tuesday, 4 November 2025
EGM to approve issue of New Shares under the Tranche Two Placement and SPP	Friday, 5 December 2025
Settlement of New Shares under the Tranche Two Placement	Thursday, 11 December 2025
Issue, quotation and trading of New Shares under the Tranche Two Placement	Friday, 12 December 2025
SPP	
Record Date	7:00pm, Monday, 27 October 2025
SPP Prospectus lodged with ASIC, released to ASX and despatched to shareholders SPP opens	Thursday, 6 November 2025
EGM to approve issue of New Shares under the Tranche Two Placement and SPP	Friday, 5 December 2025
SPP closes	Tuesday, 9 December 2025
Announcement of results of SPP and Issue of New Shares issued under SPP	Monday, 15 December 2025
Commencement of trading of New Shares issued under SPP	Wednesday, 17 December 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 commencement of trading and quotation of New Shares is subject to ASX confirmation.

Additional Information

Further details in relation to the capital raising 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, the key terms of the underwriting arrangements and foreign selling restrictions with respect to the Placement.

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

-ENDS-

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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.

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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.

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