ASX ANNOUNCEMENT

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

28 October 2025

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Arafura Rare Earths Limited (**ASX: ARU**) (**Arafura** or the **Company**) advises that during the September 2025 quarter, it made significant progress toward completing the funding of the Nolans Project (**Nolans** or the **Project**), amid a paradigm shift in global cooperation to accelerate the development of diversified rare earth supply sources.

HIGHLIGHTS

- Post 30 September, Australia and the United States announced a landmark bilateral Critical Minerals Framework (**Critical Minerals Framework**) to accelerate the pipeline of priority projects delivered by and for the two nations. As part of this initiative:
    - Arafura was identified as one of only two priority projects under the Critical Minerals Framework.
    - The Australian Prime Minister announced that Export Finance Australia had provided conditional approval for an equity investment into Arafura of up to US$100 million to support development of Nolans.
    - The Export-Import Bank of the United States (**US EXIM**) provided a non-binding letter of interest for financing support for up to US$300 million to evaluate the acceleration of third-party ore processing infrastructure at Nolans, phase two and heavy rare earth separation.
- The appraisal phase for potential equity investment from the German Raw Materials Fund (**GRMF**) was advanced and is nearing completion, with Arafura seeking up to €100 million (A$175 million) tied to supply from Nolans into the German market.
- Tender and evaluation of an EPCM contract for delivery of Nolans is nearing completion, reducing execution risk by leveraging the capabilities of established organisations with proven systems, experienced personnel, and a strong track record in project delivery.
- The Company completed a two-tranche placement, which raised A$80 million (before costs), and a share purchase plan, which raised A$10 million (before costs), strengthening the Company's balance sheet and partially de-risking the final equity raise for Nolans. Tranche 1 of the placement settled during the period with tranche 2, together with the share purchase plan settling subsequent to the period end.
- Cash balance of A$90 million at 30 September 2025 (versus A$27 million as at 30 June 2025), with a further A$19 million received post quarter-end from tranche 2 of the placement and share purchase plan.

Arafura's Managing Director Darryl Cuzzubbo said:

"The last few months have been a watershed period, with fundamental shifts in the landscape for independent rare earths producers, Arafura is no longer an Australian mining aspiration, we are a strategic global solution.

The conditional approval for US$100 million equity investment from the Australian Government just two months after announcing a letter of interest, coupled with US EXIM's letter of interest for up to US$300 million, demonstrates that the world is taking decisive action to transition from a single source of rare earths to a diversified and resilient supply chain.

Arafura Rare Earths Limited
ABN: 22 080 933 455
Level 6, 432 Murray St, Perth WA 6000
PO Box 5773, St Georges Terrace, Perth WA 6831
T: +61 8 6370 2800 | **W:** www.arultd.com | **E:** arafura@arultd.com

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Our recent capital raise, including the share purchase plan, attracted strong demand from high quality new and existing investors, a powerful endorsement of our future. I extend my thanks to all our existing shareholders for their continued support.

As the most advanced, construction ready western source of NdPr, we are on the cusp of construction and ready to become a material and responsible contributor to global supply chain security, securing long term solutions that will meet the growing demands of tomorrow."

The Company's Annual General Meeting (**AGM**) will be held on 30 October 2025, both in person and online. During the AGM, Arafura's Managing Director will provide an operational update in place of the usual quarterly investor call. Further details, including how to join the AGM online, are available on the Company's website.

ENDS-

Further Information:

Investors
Penelope Stonier
Chief Corporate Affairs Officer
+61 476 435 120
pstonier@arultd.com

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

Authorised by:
Lewis Lowe and Matthew Foy
Company Secretary

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MACROECONOMIC DEVELOPMENTS

Following the landmark public-private partnership deal between the United States (**US**) Department of Defense (**DoD**) (now known as the Department of War (**DoW**)) and MP Materials in July 2025, the US has continued to advance its interests in securing its rare-earth supply chain to reduce its dependency on China, including partnering with allied countries to acquire additional supply.

The decisive action taken by the US to support the establishment of a domestic magnet supply chain has created a competitive investment environment, in which the limited number of strategic rare-earth magnet supply chain opportunities are being drawn to the US, rather than to other regions. Some notable transactions in addition to the recent DoW and MP Materials agreement include:

- Lynas Rare Earths signing a Memorandum of Understanding with US company Noveon Magnetics to build a scalable, domestic supply chain for rare earth permanent magnets in the US.
- Acquisition of Less Common Metals by USA Rare Earths.

Post-quarter-end, on 9 October 2025, China announced it would further impose a raft of export restrictions as it ratchets up its negotiating position ahead of the tariff truce deadline in early November 2025. This is in addition to the export restrictions imposed in April 2025 that caused global magnet supply chain disruptions and impacted the manufacturing lines of many automotive original equipment manufacturers (**OEMs**). These additional export restrictions will take effect from 1 December 2025, adding five more rare earth elements to the restricted list: holmium, erbium, thulium, europium, and ytterbium. China has now imposed export controls on 12 of the 17 rare earth elements.

In addition, China is seeking to curb the development of magnet supply chains in other regions, imposing export restrictions on technologies for rare-earth mining and separation, metal production, magnet manufacturing, and recycling. The export restrictions on the rare earth elements also apply to products made from these elements, only needing to account for only 0.1% of the product's value before an export license is required. Extending its reach beyond its own borders, China also requires an export license for items produced using technologies originating in China that are used in rare-earth mining, processing, and magnet manufacturing.

These latest restrictions have the potential to be far more impactful and disruptive to supply chains than the April 2025 restrictions, particularly the requirement for an export license for magnets in components that contain the restricted rare earth elements. The common business model of having components manufactured in China and exported for assembly in another region close to the OEM's final product assembly plant may be challenging in the future if those components contain magnets.

For leaders in government and industry, what has been a long-term strategic concern has now become an immediate threat. This has galvanised support across regions and brought greater collaboration among industry and magnet value chain participants to expedite solution development.

In October 2025, the governments of the United States and Australia formalised a landmark Critical Minerals Framework to deepen cooperation on critical minerals, including rare earths. Signed by President Donald Trump and Prime Minister Anthony Albanese, the Critical Minerals Framework commits both nations to joint investment in mining and processing capabilities, accelerated permitting, and supply-chain development to reduce dependence on dominant global suppliers. The Critical Minerals Framework represents a strategic alignment of economic and national-security interests, positioning Australia as a key partner in securing critical-minerals supply for advanced manufacturing, defence technologies, and clean-energy applications.

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Key elements of the Critical Minerals Framework include:

- Establishment of a joint Critical Minerals Supply Security Response Group, co-chaired by US and Australian officials, to coordinate and accelerate secure supply of critical minerals, including rare earths.
- Commitment of US$1 billion in financing by each government within six months of signing, supporting an estimated US$8.5 billion pipeline of priority projects across both nations.
- Development of new pricing and market mechanisms, including transparent pricing, floor pricing, and other measures to strengthen supply-chain stability and investment confidence.
- Streamlining and acceleration of permitting and approvals for critical-minerals projects within each country's regulatory framework.

Nolans, the most advanced, construction-ready, rare-earth ore-to-oxide project globally, is perfectly positioned to benefit from the acceleration of this alliance and has been at the centre of this strategic dialogue.

PROJECT DELIVERY

Technology Development

The Company has continued to progress an initial program of test work with a local laboratory designed to recover a significant portion of the SEG/HRE (middle and heavy rare earths) which are not currently recovered into final products and are contained in the waste liquor from acid purification.

This initial program of testing will confirm the recovery flowsheet and its baseline metallurgical performance and is expected to be completed in the December 2025 quarter. The recovery of SEG/HRE from acid purification waste liquor will increase the overall recovery of Dysprosium and Terbium which in recent times have taken on increased strategic importance due to China's heavy rare earths export restrictions.

Nolans Project Management Model

Following a review of the project management structure for Nolans which comprised an Integrated Project Management Team (**IPMT**) model, the Company invited proposals from selected tier one engineering, procurement and construction management (**EPCM**) providers. A preselection process was conducted to identify three qualified organisations capable of delivering project management services, while retaining the Company's existing engineers for engineering and design of the Nolans hydrometallurgical plant.

The revised scope involves appointing a prime contractor to manage the entire Project, reporting directly to Arafura's Owners Team. This shift away from the earlier IPMT model toward a more conventional EPCM approach provides a single point of accountability and leverages the capabilities of established organisations with proven systems, experienced personnel, and a strong track record in project delivery.

The evaluation process was highly competitive, with three high-quality proposals submitted and assessed by the Company. A preferred EPCM contractor is expected to be selected during the December 2025 quarter.

Engineering and Design

Hydrometallurgical Plant

The engineering team progressed design development opportunities with a particular focus on plant optimisation to provide operational efficiency and maintain or, where possible, reduce capital cost.

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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 progressing.

Gas Supply

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

A partnership with Tamboran is expected to secure a long-term, reliable gas supply for Nolans on favourable terms, supporting the Project's operational and commercial objectives. Full form term sheet negotiations between the Company and Tamboran progressed, with both continuing to work 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. Arafura will provide an update to the market as negotiations advance, and milestones are achieved.

Non-Process Infrastructure

Significant progress was made during the September 2025 quarter on the optimisation of the Nolans residue storage facility design, resulting in two potential options being identified for final assessment and decision in the December 2025 quarter. The optimisation work has incorporated updated design data, with consideration given to improvements in environmental performance, alternative construction and storage configurations enabling a reduction in capital, and different storage methodologies.

OPERATIONAL READINESS

During the quarter, Jane Macey joined the Company to lead operational readiness workstreams ahead of a Final Investment Decision (**FID**) for Nolans. Jane brings more than 20 years of operational mining experience in senior leadership positions with BHP, Rio Tinto, Fortescue, OZ Minerals and Roy Hill. Jane's depth of experience across complex mining and processing operations positions her well to lead Arafura's operational readiness efforts and ensure a smooth transition through construction into production.

CAPITAL COST TRENDING

Current capital cost trend analysis has not materially changed from the Company's update on its Project Economics from 23 July 2024[1]. As noted on page 14 of this announcement, an updated escalation allowance has been incorporated into the Project economics.

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 as updated on page 14 of this report.

[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)

The RPRWMP was approved by the Department of Climate Change, Energy, the Environment, and Water (**DCCEEW**) on the 11th of July 2025, and is the final management plan required to be approved by DCCEEW before commencement of construction. 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)

A revision to the Project's MMP was approved by the Department of Lands, Planning and Environment (**DLPE**) on the 21st of August 2025. This revision provides significantly greater Project detail, with approval finalised following detailed consultation with DPLE on the updated environmental security calculation. Key updates include:

- Staged development framework – works restructured into 12 phases with clearer sequencing of construction, mining, and operations.
- Tenure and design updates – inclusion of new leases, realignment of access roads to avoid sensitive areas, and relocation of the explosive's magazine.
- Waste management planning – advanced detail including a planned landfill, bioremediation pad, and clarified approaches for waste rock dump staging and Naturally Occurring Radioactive Material encapsulation.
- Environmental and social management – integration of fauna and heritage surveys, environmental impact self-assessments, environmental and social management systems, risk registers, and updated monitoring and water management.
- Closure and security – revised disturbance inventory, staged closure planning, updated security calculations, and appendices aligned with regulator approved versions.

These updates ensure the MMP now reflects current Project planning, environmental commitments, and regulatory requirements, providing a clear framework for staged development and ongoing compliance.

Water licencing

In September 2025, changes were approved by the regulator to the Nolans water licenses following approval of the Adaptive Management Plan, the Water Monitoring Program and other changes written within the water licences. These include:

- An increase to the notification of non-compliance timeframe from immediate to within 48 hours.
- Limits applied within the licence are now corrected to triggers.
- Monitoring requirements for data downloads have been changed from monthly to every three months.

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SUSTAINABILITY

Reporting, disclosures and compliance

Activities to deliver the Environmental and Social Action Plan (**ESAP**), which has been agreed with the Nolans lender group, continued during the quarter[1]. The Company is on track to deliver the ESAP action items due prior to the commencement of construction.

Energy and Emissions Reduction

The Company continues to track closely the likely impact of the Safeguard Mechanism on Nolans, including the potential impact of the upcoming 2026/27 review of the Safeguard Mechanism Reforms implemented in July 2023. Arafura has been an active participant in previous consultations on the Safeguard Mechanism and intends to continue this for the 2026/27 review.

Stakeholder Engagement

Local stakeholder engagement continued during the quarter, including a meeting with the Project's Traditional Owners and the Project Liaison Committee at Aileron, in which additional representatives were nominated to participate in the workforce and community development working groups.

The Company continued to progress its Local and Indigenous Workforce Development Program and began interviewing local service providers to lead the program.

Extensive Government engagement continued throughout the period at both the Federal and Territory level. Meetings were held with the Northern Territory Government Mining and Infrastructure Ministers and the Treasurer, who reiterated their ongoing support for Nolans. At a Federal level, the Company engaged with Ministerial offices and relevant departments on the back of significant shifts in the geopolitical and global trade environment, sharing observations, market intelligence and project status.

The Company maintained ongoing engagement with the Project's local pastoralist, further strengthening the relationship by providing data and technical advice to support improvements to the station's water resources. Additional opportunities to develop a collaborative working relationship are currently being explored.

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 first quarter of 2025, Arafura continues to develop its capability with increased accuracy and multispectral camera that offers significant improvement in monitoring options on vegetation and borefield drawdown.

Arafura has also introduced the use of the Felixer, a feral animal control option for cats and foxes. The device has required training in use and understanding of poisons. Engagement with key stakeholders is currently underway prior to operational deployment of the device.

[1] Refer ASX announcement 29 April 2024

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EXPLORATION

Nolans Bore

Activities continued to focus on progressing mining-related studies. A small amount of on-ground exploration activity occurred in the September 2025 quarter. Activities included reconnaissance investigations and geological mapping on exploration licenses 28473 and 28498.

NEODYMIUM AND PRASEODYMIUM (NdPr) MARKET

Following the US DoW announcement in early July 2025, which included a raft of measures to support US rare-earth producer MP Materials, the NdPr oxide price rallied, and by late August, was trading over $85 per kilogram. The DoW's setting of a US$110-per-kilogram NdPr oxide price floor with MP Materials may have been a significant contributor, creating an incentive price reference point for establishing ex-China NdPr oxide production.

Another contributing factor to the firming price was China's undisclosed rare-earth mining and production quotas, which were reportedly issued in July 2025. Previously, these have been announced in a public statement and widely reported in the media. This change in protocol to silence this information and the subsequent firming of the NdPr price suggest that the quota may have been constrained after many years of consecutive increases.

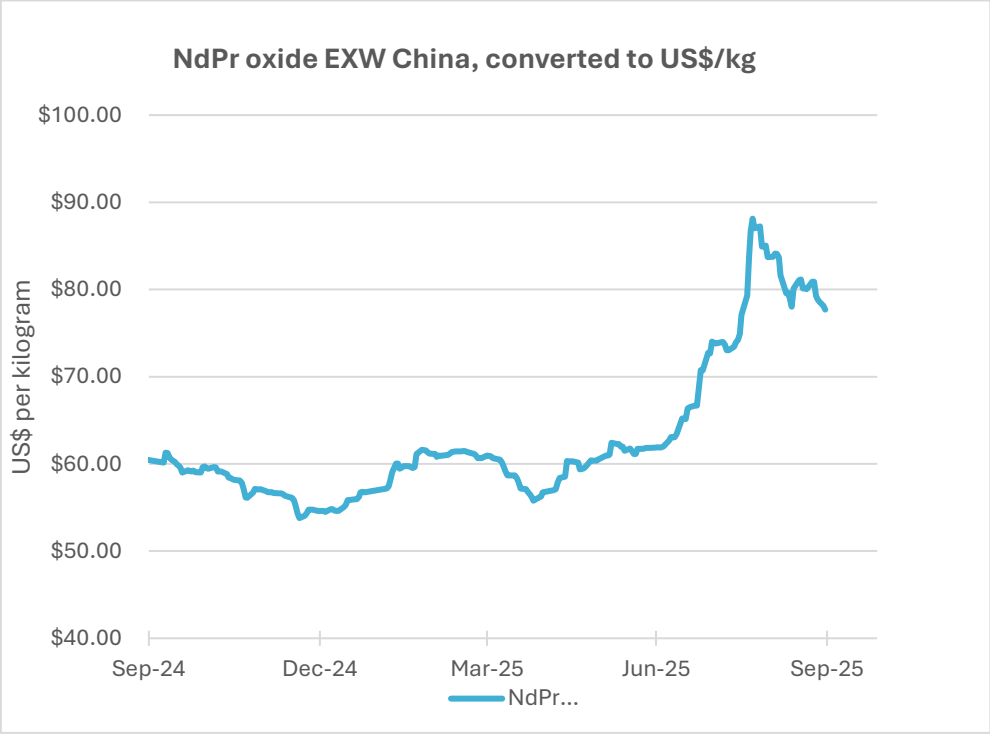


Figure 1: NdPr Oxide Price EXW China (inclusive VAT) converted to US$

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OFFTAKE AND PROJECT FUNDING

Offtake from the Nolans Project

Arafura has announced three binding offtake agreements to the market, which currently represent 66% 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 continues to progress its sales and marketing program with a shortlist of prospective German offtake partners in support of this. A favourable environment exists for negotiating the remaining offtake agreements, as many potential customers have been directly impacted by China's rare-earth export restrictions, leading to greater conviction to diversify and secure their magnet supply chains.

Table 1: 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 Nolans. The indicative debt structure and lender allocations remain unchanged from the previous quarter and are shown in Table 2.

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**

As is standard for conditional credit approvals, validity periods vary amongst the lender group which requires ongoing engagement with the lenders to extend credit approvals from time to time. On 1 October 2025 the Company announced:

- Export Development Canada is in the process of extending the credit approval that lapsed on 30 September 2025. The Company now believes this approval (on the existing terms) will be provided in November 2025.
- ING provided a letter of support confirming that ING remains actively engaged in the Nolans lender group and aims to renew its credit approval ahead of FID for the Project.

[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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As at the date of this report, all credit approvals remain current other than Export Development Canada and ING. There is ongoing engagement with all lenders to ensure credit approvals are valid to enable FID and contractual close on the project finance facilities.

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 at an advanced stage. Other documents including the contingent instrument facilities and hedging agreements are being advanced separately with the relevant commercial lenders.

Post quarter end in October 2025, Arafura received a non-binding letter of interest from US EXIM for up to US$300 million in financing support for Nolans. The additional funding, on top of the Company's existing US$1.05 billion debt package, allows the Company to evaluate the acceleration of increased capacity to accommodate additional third-party ore processing infrastructure, phase 2 development and potential heavy rare earth separation. Heavy rare earths are critical for NdFeB magnet performance and are a highly strategic feedstock for US industrial and military applications

The letter of interest was announced as part of the broader Critical Minerals Framework between the US and Australia. Both nations have committed to jointly investing US$1 billion over the next six months in mining and processing projects, with US EXIM issuing letters of interest totalling over US$2.2 billion to support Australian companies, including Arafura.

Project Funding – Equity

In August 2025, Arafura launched a A$80 million two-tranche placement at A$0.19 per share with both tranches complete as of 2nd October 2025. The transaction received strong support from high quality institutional investors, as well as existing shareholders, including Arafura's existing substantial shareholder, Hancock Prospecting.

Existing shareholders were able to participate at the same price via a non-underwritten share purchase plan with the Company ultimately accepting applications for A$9.8 million (above the targeted A$5 million). Importantly, Arafura has earmarked A$70 million of the approximately A$90 million raised for post FID development costs, partially de-risking the final equity raise.

In August 2025, EFA provided a non-binding conditional letter of interest relating to potential further investment to support Nolans. Subsequent to quarter end on 21st October 2025, the Company announced EFA had provided conditional approval for an equity investment of up to US$100 million, highlighting the important role the Nolans is poised to play in the development of Australia's rare earths sector.

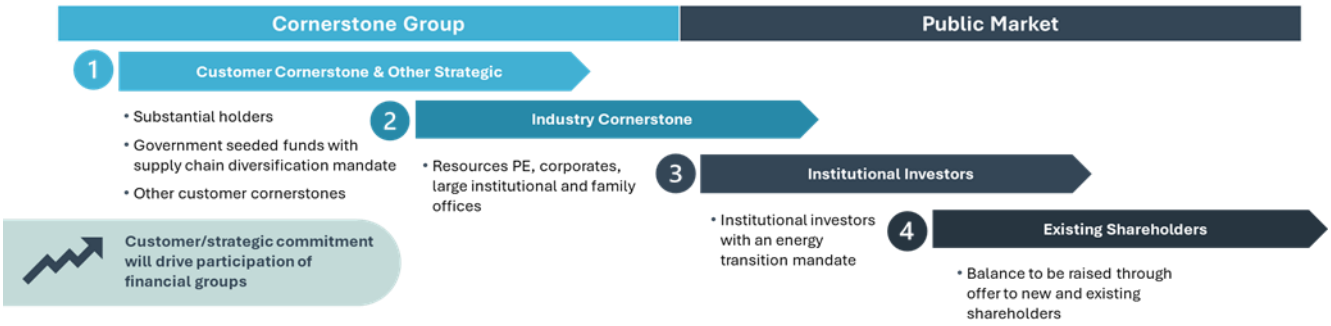
In July 2025, Arafura's application for €100 million investment from the GRMF was forwarded for review to the Interministerial Committee (**IMC**) for raw material projects. The IMC concluded Nolans should proceed to the appraisal phase. Investment of €50 million is being pursued linked to the Siemens 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).

[1] Converted at EURAUD of 1.75.

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KfW, a leading German state-owned development bank, is coordinating the review with PwC selected by the IMC as the independent expert to prepare a due diligence assessment. PwC previously conducted a similar review for the IMC as part of the approval process for the untied loan guarantees from Euler Hermes Aktiengesellschaft[1]. The due diligence process is nearing completion and Arafura will update the market following any IMC decision in line with its continuous disclosure obligations.

Figure 2: Equity strategy



FINAL INVESTMENT DECISION AND PROJECT SCHEDULE

During the quarter, Arafura continued to assess a potential joint venture (**JV**) opportunity for Nolans, evaluating it against the Company's existing funding strategy outlined in Figure 2. As the Company accelerated the execution of this strategy throughout the quarter, it became apparent the JV opportunity was not advancing at the pace required to support the indicative timeline for Nolans FID. Arafura will continue to engage on the JV opportunity while prioritising securing the remaining cornerstone equity in line with its existing funding strategy.

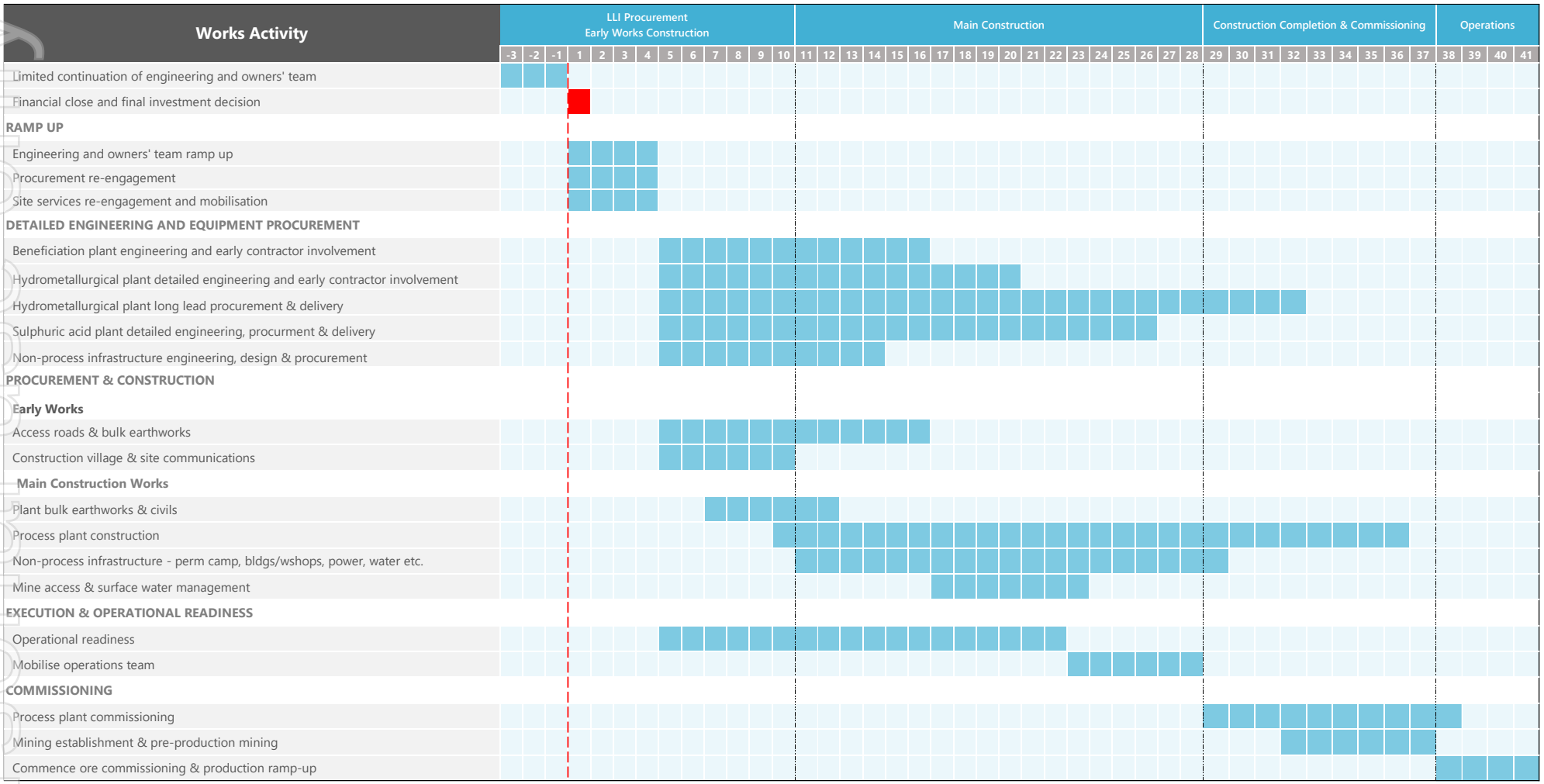
Ongoing shifts in the rare earths market continue to highlight the strategic importance and maturity of Nolans, supporting progress in Arafura's funding initiatives towards FID. During the quarter, Arafura announced two significant developments in its funding program, relating to potential investments by EFA and the GRMF. With conditional approval received from EFA subsequent to the period end, the GRMF's appraisal process, together with securing the additional offtake required to support its potential €100 million investment, remain longer lead activities. Arafura is encouraged by the proactive approach being adopted by KfW and Germany's IMC as these activities are expedited, with substantial progress achieved to date. Arafura continues to target receiving cornerstone equity commitments by the end of 2025 calendar year and FID in first quarter 2026[2].

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] Refer to ASX announcement dated 4 July 2024.
[2] FID for Nolans remains subject to the completion of funding and offtake arrangements and the approval from Arafura's Board of Directors.

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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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PROJECT ECONOMICS UPDATE

The Company has updated its economic analysis for the Project which is shown in Table 3.

Table 3: Key Project Information

Mining and Production		
Mine Life (years)	38	
NdPr Oxide (tpa)	4,440	
SEG/HRE Oxide (tpa)	573	
Phosphoric Acid (tpa 54% P_2O_5 MGA)	144,393	
Realised Product Pricing	**Base (USD$/kg)**	**Incentive (USD$/kg)**
NdPr Oxide price – offtake period	117	130
NdPr Oxide price – LOM	136	154
Financial	**Base (USD$M)**	**Incentive (USD$M)**
Capital Cost		
Pre-Production Capital	998	998
Other Pre-Production Costs and Escalation	106	106
Contingency	87	87
Total	1,191	1,191
Revenue		
Rare Earth Sales Revenue (per annum)	637	717
Phosphoric Acid Sales Revenue (per annum)	77	77
Operating Costs		
Mining Costs (per annum)	(30)	(30)
Processing Costs (per annum)	(154)	(154)
General and Administration Costs (per annum)	(22)	(22)
Product transport, royalties and selling costs (per annum)	(36)	(39)
EBITDA (per annum)	472	549
Post Tax Free Cash Flows (LOM)	10,582	12,488
KPI Analysis	**Base**	**Incentive**
Operating Cost USD$/kg NdPr	46.4	46.4
Operating Cost USD$/kg NdPr net of P_2O_5 credit	31.9	31.9
NPV_8 after tax (USD$M)	1,859	2,327
IRR after tax (%)	18.1%	20.1%

All material assumptions underpinning the financial information set out in Table 3 (which describes the economics of Nolans), except to the extent modified by the updated information set out below, are the same as the assumptions disclosed in the following ASX announcements made by the Company: (a) the Nolans Project Definitive Feasibility Study (refer ASX announcement dated 7 February 2019); (b) Major Increase in Mine Life for the Nolans Project (refer ASX announcement dated 16 March 2020); (c) the 2021 Nolans Project Update (refer ASX announcement dated 11 May 2021); (d) the 2022 Nolans Project Update (refer ASX announcement dated 11 November 2022); and the Nolans Project July 2024 economics update (refer ASX announcement dated 23 July 2024 titled “Arafura achieves major debt funding milestone presentation”). The Company confirms that those existing assumptions set out in the announcements referred to above continue to apply and have not materially changed.

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Revenue Assumptions

- The Base Case NdPr oxide price forecast is based on an equal blend of independent price forecasts from CRU Group (base and incentive) and Adamas Intelligence (low, mid and high). The Company's Incentive Case NdPr oxide price forecast is based on an equal blend of independent price forecasts from CRU Group (incentive) and Adamas Intelligence (high).
- The Base Case SEG-HRE oxide price forecast is based on independent price forecasts from CRU Group on a real basis. The pricing mechanism is based on 70% payability of the contained dysprosium and terbium only. The Incentive Case SEG-HRE oxide price forecast and pricing mechanism is the same as the Base Case.
- The Base Case phosphoric acid price is based on an independent price forecast from CRU Group. The Incentive Case phosphoric acid price forecast is the same as the Base Case.

Capital Costs

- The has been no change to the Company's capital estimate since the release of its July 2024 economics update (refer to ASX announcement dated 23 July 2024) apart from:
  - An allowance for escalation has been included in the Project's capital cost estimate to account for the change in the cost of labour, materials and equipment between the capital cost estimate date and the point in time it is forecast to become fixed in the Project delivery schedule. The escalation estimate was calculated to be A$107 million, an increase of A$39 million since the Nolans Project July 2024 economics update.
  - A$5 million has been included in respect of an upfront cash payment which may be required for a build own operate (**BOO**) contract for the Project's power solution.

Operating Costs

- The Safeguard Mechanism sets emission baselines for designated Australian facilities, including Nolans. These baselines are designed to decline progressively over time, with financial liabilities arising if a facility exceeds its prescribed baseline calculated per tonne of CO2. The life of mine average annual Safeguard Mechanism liability is A$7.7 million and has been estimated as follows:
  - Preliminary emissions baselines and declines rates issued by DCCEEW based on international best practice emissions intensity values.
  - Actual emissions based on the Project's modelled gas and diesel consumption.
  - Carbon cost of A$40/tCO2.
- The BOO operating cost assumptions for the Project's power solution have been updated to reflect a recent supplier proposal based on a 20-year power purchase agreement with staged renewables implementation from Year 1 of operations. In addition, the estimated energy demand for the Project (both power and steam) has been increased from 34MW to 44MW.
- The price of natural gas price has been updated to A$9.50 per GJ (up from A$8.95/GJ) to align with forecast Wallumbilla (Queensland) hub pricing less delivery tariffs.

Foreign Exchange Rates

- USD:AUD and EUR:AUD exchange rate forecasts have been updated based on Deloitte's June 2025 Access Economics report and average 0.69 and 0.62 over life of mine respectively.

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Cash Position

On 30 September 2025, Arafura had cash reserves of A$90 million (versus A$27 million as at 30 June 2025). The cash balance at 30 September 2025 did not include A$19 million of proceeds received post quarter-end from tranche 2 of the share placement and share purchase plan.

During the quarter, the Company spent ~A$0.5 million on exploration and evaluation activities, ~A$2.7 million on corporate, administration and business development costs and ~A$1.9 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 recurring activities have continued to reduce in the current quarter, averaging ~A$1.7 million per month (versus ~A$2.0 million per month in the prior quarter). This reduced cash burn rate combined with the balance sheet strength provided from the recent capital raise has partially de-risked the final equity raise for Nolans.

Payments of A$310k 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 September 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 September 2025

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	(1,874)	(1,874)
	(c) production	-	-
	(d) staff costs	(1,216)	(1,216)
	(e) administration and corporate costs	(1,542)	(1,542)
1.3	Dividends received	-	-
1.4	Interest received	294	294
1.5	Interest and other costs of finance paid	(9)	(9)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other	-	-
1.9	**Net cash from / (used in) operating activities**	**(4,347)**	**(4,347)**

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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	(19)	(19)
	(d) exploration and evaluation	(552)	(552)
	(e) investments	-	-
	(f) other non-current assets	-	-
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)	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received	-	-
2.5	Other	-	-
2.6	**Net cash from / (used in) investing activities**	**(571)**	**(571)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	70,582	70,582
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	(3,264)	(3,264)
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)	(73)	(73)
3.10	**Net cash from / (used in) financing activities**	**67,245**	**67,245**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	27,178	27,178
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,347)	(4,347)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(571)	(571)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	67,245	67,245
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
4.6	**Cash and cash equivalents at end of period**	**89,504**	**89,504**

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	89,504	27,178
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)**	**89,504**	**27,178**

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	(310)
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)	(4,347)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(552)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(4,899)
8.4	Cash and cash equivalents at quarter end (item 4.6)	89,504
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	89,504
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	18.3
	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: 28 October 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 SEPTEMBER 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 SEPTEMBER 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%	