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

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Arafura Rare Earths Limited (**ASX: ARU**) (**Arafura** or the **Company**) is pleased to provide its Quarterly Activities Report for the period ending 31 December 2025.

HIGHLIGHTS

- Strong progress was made in securing last remaining cornerstone investors with finalisation of agreements targeted by the end of this current quarter.
- The Company completed and settled a two-tranche placement in December 2025, which raised A$475 million (before costs), and a share purchase plan (**SPP**), which raised A$6.4 million (before costs).
- Tranche 2 of the placement announced on 20 August 2025 settled on 2 October 2025, with proceeds of A$9.8 million received during the period. The upsized A$9.8 million SPP settled on 10 October 2025.
- The German Raw Materials Fund (**GRMF**) completed the appraisal phase, including due diligence with the potential equity investment of €50 million referred to the relevant legislative and regulatory authorities for approval. A potential second €50 million is subject to a separate decision upon securing an additional 500tpa of offtake into Germany/Europe.
- Australia and the United States of America (**US**) announced a landmark bilateral Critical Minerals Framework (**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 Framework.
    - The Australian Prime Minister announced that Export Finance Australia (**EFA**) had provided conditional approval for an equity investment into Arafura of up to US$100 million.
    - The Export-Import Bank of the United States (**US EXIM**) provided a non-binding letter of interest for financing support of up to US$300 million.
- The Company announced the appointment of Hatch as the preferred Engineering, Procurement and Construction Management (**EPCM**) provider bringing a depth of engineering and project execution expertise to the Nolans Project (**Nolans** or **Project**).
- Cash balance of A$571 million as at 31 December 2025 (A$90 million as at 30 September 2025).

Arafura's Managing Director Darryl Cuzzubbo said:

"Against the backdrop of ongoing geopolitical tension, the world is taking decisive action to transition from a single source of rare earths to a diversified and resilient supply chain and Arafura has been identified as part of the long-term solution required to meet the growing demands of tomorrow. Strategic endeavours are being fostered globally, and we are taking a proactive approach, engaging with offtake partners in key manufacturing hubs globally.

We have made meaningful progress on our path to a final investment decision (**FID**). We successfully executed a material equity program which significantly strengthened our balance sheet. At the same time, we have advanced cornerstone equity investors, EFA, National Reconstruction Fund Corporation (**NRFC**) and GRMF, to the point where due diligence and documentation is near completion.

As an inaugural or early participant in newly announced government equity investment programs, we necessarily worked through emerging and evolving processes. This has required a collaborative, flexible and solution-oriented approach from all parties whilst ensuring that the commercial arrangements serve the long-term interest of the

company and our shareholders. It pleases me that Arafura has been one of the first to be supported under these recently announced programs, highlighting the significance of the Nolans Project and our approach to engagement.

With the progress made, we are targeting the end of this quarter to finalise agreements with shareholder approval being sought in the following quarter. This will enable the Company to call FID.

Importantly these process-related complexities have not detracted from our focus on execution readiness. The appointment of Hatch as EPCM materially strengthens our execution capability and meaningfully de-risks project delivery. Together with increased funding certainty, the project is well positioned to move to a final investment decision in coming months."

- ENDS-

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MACROECONOMIC DEVELOPMENTS

On 9 October 2025, China significantly tightened its rare earth export controls, adding more medium-to-heavy rare earths and related technologies to the restricted list and extending its reach to items produced outside China using Chinese rare earth technologies or materials. This escalation of trade tensions was sustained ahead of the 10 November 2025 deadline at which point the 90-day tariff truce ceased and blanket tariffs on Chinese imports by the US were to be introduced. Ahead of the deadline, the US and Chinese presidents agreed to a 12-month trade truce, resulting in reduced tariffs on Chinese imports and China suspending its most recent export controls on rare earths. However, the original Chinese export licensing regime for several medium-to-heavy rare earth elements and magnets containing them remains in place.

The escalation and uncertainty of trade tensions has exposed the vulnerability of critical mineral supply chains and the high level of dependency on China for processed critical minerals. As a result, the US has actively engaged with allies and like-minded countries to secure critical minerals supply chains through bilateral Frameworks with Australia and Japan and Memoranda of Understanding with Malaysia and Thailand. The bilateral Frameworks agree to accelerate the process of securing supplies of critical minerals and rare earths, including through government and private sector support. At the time of announcing the US-Australia Critical Minerals Framework, the Australian Prime Minister announced that Arafura's Nolans Project had been identified as one of two priority projects.

The decisive actions by the US have been effective in attracting magnet value chain investment and opportunities and have created regional competitive tension. Critical minerals security is now high on the European Union's (**EU**) agenda and it has accelerated its ambitions to diversify supply chains. On 3 December 2025, the EU adopted the RESourceEU Action Plan, which will mobilise up to €3 billion to support critical mineral raw materials for Europe. The plan is part of the EU's Critical Raw Materials Act (**CRMA**), legislated in 2024, which sets a series of targets for the EU's supply of critical raw materials, aiming to reduce reliance on Chinese supply chains. Among other targets, the CRMA stated that the EU should not depend on a single country for more than 65% of its demand by 2030. The RESourceEU plan incorporates three key pillars; 1) new funding and tools; 2) streamlined procedures; and 3) international partnerships. The Commission will set up a European centre for critical raw materials at the beginning of 2026. It will be a platform for aggregating demand and jointly purchasing strategic raw materials.

Domestically, the Australian Government continues to progress the Critical Minerals Strategic Reserve (**CMSR**) initiative. In late December, the Association of Mining and Exploration Companies (**AMEC**) provided the Government with a design paper to optimise the CMSR, ensuring commercial bankability, limited taxpayer fiscal exposure, and consistency with Government policy objectives. The key model presented, called the Rare Earths Production Scheme (**REPS**), centres around rare earths and leverages a Contract for Difference with a price collar to provide targeted support to both heavy and light rare earth projects. Arafura was pleased to contribute to the initial consultation and design process and looks forward to continuing the strategic dialogue with AMEC and the CMSR task force.

PROJECT DELIVERY

Technology Development

In response to China's heavy rare earth export restrictions, the ability to recover SEG/Heavy Rare Earths (**HRE**) and increase the overall recovery of Dysprosium (**Dy**) and Terbium (**Tb**) from acid purification waste liquor provides a strategic opportunity for the Company.

The majority of the initial program of test work was completed within the December 2025 quarter and is forecast to conclude during the March 2026 quarter. Work completed to date has confirmed the suitability of the preferred method for the recovery flowsheet and validated baseline metallurgical performance that is consistent with expectations based on the historical flowsheet development test work undertaken to date.

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A follow-up program of work will be undertaken in the first half of calendar year 2026 to optimise the selected flowsheet.

Nolans Project Management Model

Following receipt of proposals from selected tier-one EPCM providers, Hatch Ltd was selected as the preferred provider. The scope of the EPCM provider is to manage the entire Project, reporting directly to Arafura's Owners Team. This shift away from the earlier Integrated Project Management Team (**IPMT**) model toward a more conventional EPCM approach provides a single point of accountability and leverages the capabilities of an established organisation with proven systems, experienced personnel, and a strong track record in project delivery.

EPCM Status

The focus of the Hatch EPCM team has been on scope development and planning for execution readiness. Key resources have been assigned to the Project and EPCM tools have been selected with configuration underway to meet specific project needs. Recruitment of Arafura's Owners team is being run in parallel, with a number of key management personnel due to commence in Q3 FY2026.

Engineering and Design

Hydrometallurgical Plant

Plant optimisation for operability, efficiency and cost remains a key focus, with the engineering team progressing several trade-off studies during the period.

Non-Process Infrastructure

An assessment of the Nolans Residue Storage facility has been completed with refined alternatives identified. These alternatives will be evaluated in the coming period, with particular emphasis on environmental performance and cost.

The existing accommodation camp will be assessed to determine suitability. Studies are on-going to establish capacity requirements and best-for-business commercial arrangements to meet business needs.

Power Supply

Negotiation with the power provider and development of commercial terms is progressing. Key aspects associated with power demand and performance requirements (reliability) will be progressively developed as engineering matures.

Gas Supply

In response to evolving conditions and increased gas availability across the Northern Territory, the Company continued its assessment of the regional gas market during the quarter.

Discussions are progressing with potential suppliers with the expectation of securing a long-term, reliable gas supply for the Nolans Project on favourable terms, supporting the Project's operational and commercial objectives. Commercial parameters are being evaluated to inform the development of a term sheet. Any resulting agreement will remain subject to customary conditions precedent, including final investment decisions by relevant parties and receipt of requisite regulatory approvals.

In parallel, the Company is also assessing options for fully interruptible supply to accommodate demand variations through commissioning and ramp up, with the objective of establishing an optimal mix of firm and interruptible arrangements to support the Project's long-term energy strategy.

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OPERATIONAL READINESS

Establishing the strategic approach to readiness has been a priority during the quarter. Key features of this strategy include business readiness rather than traditional operations readiness. By incorporating non-traditional programs of work the Company can identify and mitigate future risks associated with growth as the Company transitions from exploration to construction to operations. Consideration is given to future workflow integration and the avoidance of activity repetition to reduce overall spend.

In alignment with this principal, pre-construction effort is being made to build the Information Technology foundations to support construction and end-state operations.

OPERATIONAL LICENCING

During the Quarter, the Company focused on transitioning from licence acquisition to implementation, with work programs underway to embed the Radiation Protection and Radioactive Waste Management Plan, the Mine Management Plan and water licence requirements into operational readiness activities and site procedures. This includes updating the Nolans compliance management register and assurance schedule and preparing construction-phase environmental controls so that the commencement of works occurs under, clear, regulator-endorsed compliance frameworks.

SUSTAINABILITY

Reporting, disclosures and compliance

Delivery of the Environmental and Social Action Plan (**ESAP**) as agreed with the lender group remained on track, with more than 90% of contract-close corrective actions submitted to the Independent Environmental and Social Consultant and remaining items scheduled for completion by end Q4 FY2026.

The Company continued to enhance its environmental, social and governance (**ESG**) and climate-related disclosures in alignment with climate risk reporting and evolving corporate sustainability standards, underpinned by Board oversight of continuous disclosure, ESG risk and compliance. The FY2025 Sustainability Report received independent external endorsement as a well-structured and coherent document, consistent with accepted best practice, reflecting governance maturity and ESG systems advancement.

Energy and Emissions Reduction

During the quarter the Company progressed its Greenhouse Gas (**GHG**) Emissions Reduction Pathway implementation, targeting net zero by 2050[1]. Ongoing analysis re-confirmed that renewables and concentrated solar thermal (**CST**) remain cost-effective options to reduce Nolans GHG emissions. The Company will evaluate the use of CST for steam generation and the integration of a solar power system into the Project's initial design to reduce emissions. Once the plant is operational, right-sized solutions will be progressively adopted.

Stakeholder Engagement

Local stakeholder engagement continued during the quarter, including meetings with the Project's Traditional Owners (**TO**) at Aileron and in Alice Springs,

[1] ASX Announcement 31 January 2023

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The Company continued to progress its Local and Indigenous Workforce Development Program and began interviewing local service providers to lead the program. A workshop meeting was held with over 30 workforce and specialist service provider organisations with TO representatives in attendance.

Extensive Government engagement continued throughout the period at both the Federal and Territory level. Meetings were held with the Northern Territory Government (**NTG**) Mining and Infrastructure Ministers and the Treasurer, who reiterated their ongoing support for Nolans. Arafura hosted the Chief Minister, Treasurer and Infrastructure Minister at the Nolans site, accompanied by a delegation representing multiple NTG agencies. The Chief Minister publicly expressed her support of the Nolans Project, citing its international significance and importance for Australia and the Northern Territory.

Senior executives were actively involved in the CMSR consultation and design process, engaging with both the Critical Minerals Taskforce and AMEC, resulting in the delivery of a design paper by AMEC. The design is being considered by the Australian Government, with rare earths amongst the priority minerals identified.

In November, the Company was invited to present Arafura's Nolans Project to members of the Minerals Security Partnership (**MSP**). The MSP is a multilateral initiative of like-minded partner governments to secure, diversify, and strengthen global supply chains for critical minerals.

Arafura maintained ongoing engagement with the Project's local pastoralist, further strengthening the relationship by providing more data and technical advice to support improvements to the station's water resources. The Company's positive working relationship with the pastoralist continued and documentation of agreements outlining future collaborative opportunities for the project, the pastoralist and community benefiting projects were drafted.

Environmental Management

The Environmental and Social Management System was refined to consolidate regulatory, lender and corporate requirements into a single risk-based framework, streamline approval planning, and align contractor scopes with topic-specific management plans. Key environmental plans and procedures continued to be implemented and refined to reflect current project design and approval conditions, supporting effective readiness for construction and operations.

Site monitoring continued with monthly dust, radiation and groundwater level measurements, quarterly groundwater quality sampling and biodiversity monitoring to build baseline datasets and identify emerging trends. A review of monitoring technologies commenced to optimise data collection time and resources, with the aim of improving accuracy and moving towards more near real-time environmental monitoring capability.

EXPLORATION

Nolans Bore

Activities during the quarter continued to focus on progressing mining-related studies. A small amount of on-ground exploration activity occurred in October 2025. Activities included reconnaissance field investigations and geological mapping on exploration licenses 28473, 28498 and 29509. Geological samples were collected from representative sites for follow-up geochemical and petrological studies.

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NEODYMIUM AND PRASEODYMIUM (NdPr) MARKET

Following China's announcement of its expanded export control list and the heightened trade tensions with the US leading up to the end of the 90-day 10 November 2025 tariff truce, the NdPr price rose from US$70 per kilogram, reaching US$87 per kilogram by year's end. Post December prices continued to increase sharply, exceeding US$100 per kilogram[1] EXW China on 26th January 2026. Price referencing agencies are continuing to report a significant premium for Ex-China trade of magnet rare earth oxides with NdPr at a consistent 10% premium, whilst dysprosium and terbium are reported at 4-5 times the China domestic traded price.



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

OFFTAKE AND PROJECT FUNDING

Offtake from the Nolans Project

Arafura has announced three binding offtake agreements to the market, which currently represent 66% of its binding offtake target.

The current geopolitical and trade environment is conducive 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.

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

[1] Baiinfo Rare Earth Price Analysis

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Siemens Gamesa RE[1,4]. Following the signing of the critical mineral's framework agreement between Australia and the US in October, the US has become another region vying for the remaining offtake volumes.

Table 1: Offtake overview

Offtake Discussion Group	Location	NdPr Oxide (tpa)[2]	% of Binding Offtake Target[3]
Secured Offtake (Binding Agreement)			
Hyundai & Kia	Korea	1,500	43%
Siemens Gamesa RE	Germany	520	15%
Traxys Europe S.A	Luxembourg	300	8%
Sub-total		**2,320**	**66%**
Target Market Engagement for Remaining Offtake[4]			
GRMF[5] – 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**	

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 disclosures.

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 December 2025 the Company announced that Export Development Canada extended credit approval for its US$300 million lending commitment.

As at the date of this report, all credit approvals in relation to the debt facilities remain current and valid, other than ING. As announced on 1 October 2025, ING provided a letter of support confirming that they remain actively engaged in the Nolans lender group and aims to renew its credit approval ahead of FID for the Project.

The Company has 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.

[1] Refer ASX Announcement dated 8 July 2025
[2] Product may be supplied as NdPr oxide or metal equivalent.
[3] 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).
[4] The Company, at this stage, has no certainty as to the timing and likelihood of successfully concluding binding offtake agreements.
[5] German Raw Material Fund (GRMF) Update (refer ASX Announcement dated 8 July 2025)

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

As announced on 21 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, could allow 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. 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 within six months of signing the Framework across mining and processing projects.

Project Funding – Equity

Arafura continued to see encouraging market dynamics emerging through the reporting period, which reinforces the strategic and economic imperative for a resilient and diversified rare earths supply chain.

In the September quarter, the Company launched an A$80 million Placement and A$5 million SPP with funds raised intended to extend the cash runway, whilst de-risking the overall equity funding requirement for Nolans. Tranche 2 of the Placement and the SPP, which was upsized from A$5 million to A$9.8 million, were completed during the quarter, resulting in total funds of A$89.8 million (before costs) being raised.

In October, the Company completed a subsequent two-tranche placement raising A$475 million (before costs) on the back of material market and company milestones including the US-Australia Critical Minerals Framework. The placement attracted high quality institutional investors, alongside existing shareholders who participated in the associated SPP, raising A$6.4 million. A total of A$481.4 million (before costs) was raised from the Placement and SPP through the issue of 1.7 billion shares at a price of A$0.28 a share.

In conjunction with the US-Australia Critical Minerals Framework announcement on 21 October 2025, the Australian Prime Minister announced conditional approval for EFA to provide an equity investment of up to US$100 million, highlighting the important role Nolans is poised to play in the development of Australia's rare earths sector. Due diligence and documentation were substantively finalised during the period with execution targeted during Q3 FY2026, subject to final approval.

Investment of €50 million is being pursued from GRMF linked to the Siemens Gamesa 520tpa NdPr supply agreement. In July 2025, the Company announced the referral of the Nolans Project by Germany's Interministerial Committee (**IMC**) to the GRMF for assessment by KfW. Since being referred the Company and KfW have substantively concluded due diligence and advanced documentation with execution targeted during Q3 FY2026, subject to final IMC approval. Arafura will seek an additional €50 million based on an additional 500tpa of supply into the German market which will be subject to a separate approval from the IMC.

The introduction of equity investment programs by the Australian and German governments is a proactive response to the challenges faced in the rare earths sector. As an inaugural or early participant in these programs, Arafura is grateful for the collaborative approach extended by both EFA and the GRMF as Arafura navigates complex legislative and regulatory processes and leverages the learnings to develop consistent terms and conditions.

Prioritising funding solutions that support a near-term final investment decision is critical[1]. As outlined in the September 2025 quarter, the potential joint venture opportunity has not advanced at the pace required to support a FID in the near term. As a result, the Company will continue to focus its attention on securing the remaining cornerstone equity in line with its funding strategy.

[1] 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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The Company has provided guidance regarding the total funding requirement of ~US$1.9bn[1]. As per the figure 2, ~US$1.6 billion is forecast inclusive of capital expenditure, working capital and financing costs. In addition, the Company has secured a modest cost overrun facility of US$280m.

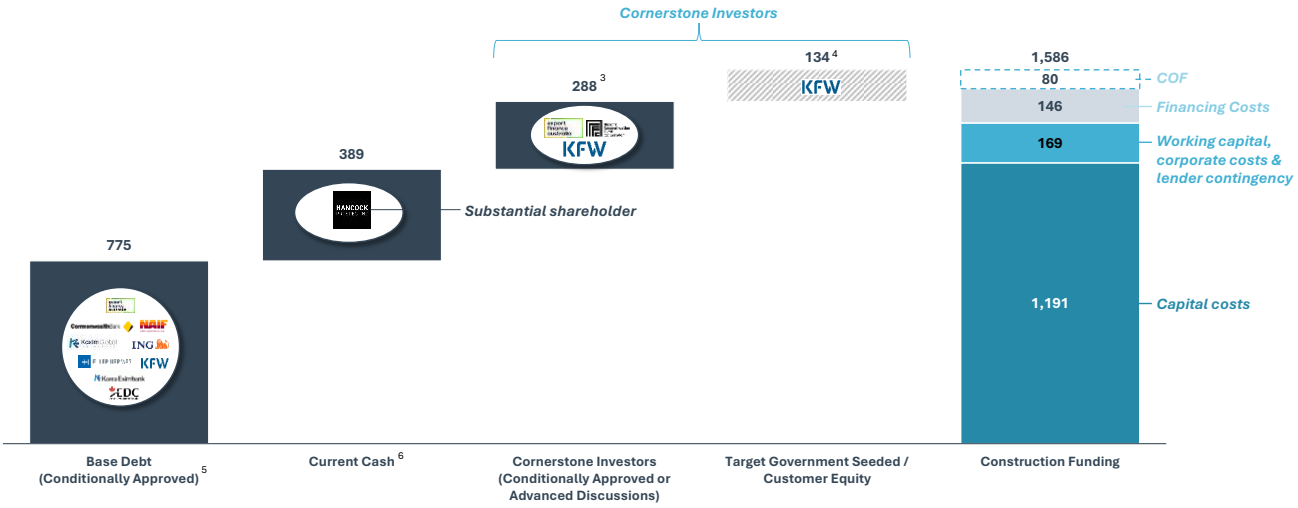


Figure 2: Indicative Funding Strategy: Nolans Funding Bridge (US$m)[2]

With less than 10% of required funding outstanding, the Company has been steadfast in developing and pursuing multiple options that will attract like-minded investors aligned to long-term value creation that will deliver the best outcome for our shareholders. The Company remains focussed on securing cornerstone equity commitments to enable the Nolans Project to be fully funded and targets a completion date in Q3 FY2026 to enable shareholders to approve these arrangements and achieve FID in H2 FY2026[7].

CORPORATE

Cash Position

On 31 December 2025, Arafura had cash reserves of A$571 million (versus A$90 million as at 30 September 2025).

During the quarter, the Company spent ~A$0.3 million on exploration and evaluation activities, ~A$2.9 million on corporate, administration and business development costs and ~A$3.4 million on project development activities including:

- Detailed engineering on the hydrometallurgical plant.

[1] Refer to ASX Announcement dated 20 May 2025 (Arafura Rare Earths Presentation)
[2] Assumed exchange rates of AUD:USD of 0.665, EUR:USD of 1.13.
[3] Comprises NRFC convertible note of A$200m, refer to ASX Announcement dated 15 January 2025 (Arafura receives A$200m investment commitment from the NRFC), EFA equity investment of US$100m, refer to ASX Announcement dated 21 October 2025 (Export Finance Australia Update) and German Raw Materials Fund investment of €50m, refer to ASX Announcement dated 8 July 2025 (German Raw Materials Fund Update), with the additional €50m target now included in "Other government seeded equity/customer equity".
[4] Remaining Government seeded equity / Customer Equity adjusted in line with SPP outcome which varied from target, refer to ASX Announcement dated 15 December 2025 (Share Purchase Plan Results). Application for additional €50m of GRMF equity investment requires additional 500tpa of NdPr oxide to be placed in German/European market.
[5] With the exception ING, all Base Debt is conditionally approved. ING's credit approval lapsed on 30 September 2025 and instead has provided a letter of support. Refer to the Company's ASX announcement dated 1 December 2025 (Project Funding Update).
[6] Comprises cash on hand at 30 September 2025 A$90m, plus proceeds from capital raisings completed prior to 31 December 2025 – Refer to ASX Announcements dated 29 October 2025 (Commitments Received for A$475m Placement), ASX Announcement dated 15 December 2025 (Share Purchase Plan Results), ASX Announcement dated 10 October 2025 (Upsized Share Purchase Plan Results). Converted to USD
[7] 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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- Engineering activities on other aspects of Nolans.
- Project management.
- Site overheads.

Cash outflows increased as the Company commenced its construction and operational readiness activities to prepare for the final investment decision.

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 December 2025 quarter are available in the attached Appendix 5B.

Shareholder Meetings

The Company's annual general meeting was held at 10:00am, AWST on 30 October 2025 and an extraordinary general meeting at 10:00am AWST on 5 December 2025. All resolutions were passed by way of a poll.

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 Quarterly Report dated 28 October 2025. Arafura confirms that, all material assumptions underpinning the forecast financial information (and forecast financial information derived from the production target) set out in the Quarterly Report released on 28 October 2025 continue to apply and have not materially changed.

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

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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	31 December 2025

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	(3,444)	(5,318)
	(c) production	-	-
	(d) staff costs	(1,246)	(2,462)
	(e) administration and corporate costs	(1,667)	(3,209)
1.3	Dividends received	-	-
1.4	Interest received	1,265	1,559
1.5	Interest and other costs of finance paid	(2)	(11)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	56	56
1.8	Other	-	-
1.9	**Net cash from / (used in) operating activities**	**(5,038)**	**(9,385)**

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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	(220)	(240)
	(d) exploration and evaluation	(298)	(849)
	(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**	**(518)**	**(1,089)**

3.	**Cash flows from financing activities**	500,722	571,304
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
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	(13,250)	(16,514)
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)	(146)
3.10	**Net cash from / (used in) financing activities**	**487,399**	**554,644**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	89,504	27,178
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,038)	(9,385)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(518)	(1,089)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	487,399	554,644
4.5	Effect of movement in exchange rates on cash held	-	(1)
4.6	**Cash and cash equivalents at end of period**	**571,347**	**571,347**

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	571,347	89,504
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)**	**571,347**	**89,504**

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)	(5,038)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(298)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(5,336)
8.4	Cash and cash equivalents at quarter end (item 4.6)	571,347
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	571,347
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	107.1
	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 January 2026

Authorised by: The Board

(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 31 DECEMBER 2025

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

QUARTERLY ACTIVITIES REPORT AND APPENDIX 5B FOR PERIOD ENDING 31 DECEMBER 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%	