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ASX ANNOUNCEMENT

ARAFURA EXECUTES BINDING CORNERSTONE EQUITY AGREEMENTS

1/04/2026

Highlights

- **Arafura executes binding agreements with two cornerstone investors which secure equity subscriptions totalling approximately ~A$230 million**
- **The equity subscriptions comprise:**
  - **€50 million (~A$84 million[1]) from Kreditanstalt für Wiederaufbau, on behalf of the German Raw Materials Fund; and**
  - **US$100 million (~A$146 million[2]) from Export Finance Australia**
- **Transaction re-enforces the strong support from government agencies and underscores the strategic importance of the Nolans Project in diversifying global rare earth supply chains**
- **Transaction builds upon Arafura's existing equity funding package for the Nolans Project, including transformational ~A$481m equity raising completed in Q4 2025[3] and binding term sheet executed with Australia's National Reconstruction Fund Corporation for A$200m of Convertible Notes**
- **The above equity raisings and binding commitments total A$911m. Arafura continues to make strong progress on finalising its equity funding strategy for the Nolans Project, including by advancing negotiations on the final binding long form documentation with Australia's National Reconstruction Fund Corporation for the Convertible Notes**

Overview

Arafura Rare Earths Limited (**ASX: ARU**) (**Arafura** or the **Company**) is pleased to announce that it has executed binding Subscription Agreements and related documentation with Kreditanstalt für Wiederaufbau (**KfW**) (on behalf of the German Raw Materials Fund (**GRMF**)) and Export Finance Australia (**EFA**).

The execution of these binding cornerstone agreements is consistent with Arafura's previously announced equity funding strategy, targeting cornerstone investment from government-seeded critical minerals funds, customers and other strategic investors, and follows the previous announcement of non-binding arrangements with the GRMF[4] and EFA[5]. This strategy, together with the binding A$200 million commitment from the National Reconstruction Fund Corporation (**NRFC**)[6], significantly de-risks the equity funding required for the development of the Nolans Rare Earths Project (**Nolans Project**).

[1] *Converted at AUDEUR of 0.5966.*
[2] *Converted at AUSUSD of 0.6869.*
[3] *Includes A$475m raised under the two-tranche placement and A$6.4m raised under the share purchase plan.*
[4] *Refer to ASX announcement dated 8 July 2025.*
[5] *Refer to ASX announcement dated 21 October 2025.*
[6] *Refer to ASX announcement dated 15 January 2025.*

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The cornerstone equity commitments supplement the Company's debt financing arrangements[7] announced in July 2024, positioning Arafura closer to achieving financial close and a Final Investment Decision (**FID**) for the Nolans Project.

The issue of securities under each of the binding cornerstone agreements is subject to shareholder approval. Further information on each agreement is set out below.

KfW / German Raw Materials Fund

Arafura has executed a Subscription Agreement and Investor Rights Deed with KfW, Germany's state-owned development bank, acting on behalf of the GRMF. Under the Subscription Agreement, KfW will subscribe for fully paid ordinary shares in Arafura (**Shares**) to the value of €50 million (approximately A$84 million[1]).

The binding commitment from KfW reflects the strategic importance of the Nolans Project to German industry and the broader objective of diversifying critical mineral supply chains away from concentrated sources. The Nolans Project has demonstrated clear alignment with the GRMF's objectives through its binding offtake agreement with Siemens Gamesa Renewable Energy A/S (**SGRE**)[8] for the supply of NdPr to be used in the manufacture of permanent magnets for offshore wind turbines assembled at their Cuxhaven facility in Germany. Arafura continues to engage with prospective European offtake partners regarding securing an additional 500tpa.

At completion of the subscription, KfW will have the right to nominate one director to the Board of Arafura.

A summary of the key terms of the KfW Subscription Agreement and Investor Rights Deed is set out in Annexure A.

Export Finance Australia

Arafura has executed a Subscription Agreement and Investor Rights Deed with EFA under the Australian Government's $5 billion Critical Minerals Facility. Under the Subscription Agreement, EFA will subscribe for Shares to the value of US$100 million (approximately A$146 million[2]).

The binding commitment from EFA highlights the pivotal role that the Nolans Project is poised to play in helping to develop Australia's critical minerals sector and is aligned with the Australian Government's Critical Minerals Strategy and the G7 Critical Minerals Action Plan.

A summary of the key terms of the EFA Subscription Agreement and Investor Rights Deed is set out in Annexure B.

Issue price – KfW and EFA subscription agreements

The issue price per Share payable by KfW and EFA under their respective Subscription Agreements is A$0.2447 per Share, being the volume weighted average market price of Shares for the 20 trading days up to and including 30 March 2026, less a 10% discount (or at any lower price per Share at which Shares are offered to third party investors in the lead up to completion of the KfW and EFA subscriptions).

Conditions precedent

Completion of the cornerstone equity commitments is subject to satisfaction (or waiver) of certain conditions precedent, including (as applicable):

- **FIRB approval *(KfW subscription only)*:** KfW obtaining approval under the *Foreign Acquisitions and Takeovers Act 1975* (Cth);

[7] *Refer to ASX announcement dated 23 July 2024.*

[8] *Refer to ASX Announcement dated 11 April 2023.*

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- **Shareholder approval:** Arafura shareholders approving the issue of all Shares and the NRFC Convertible Notes for the purposes of ASX Listing Rule 7.1 and for any other relevant purposes;
- **Completion of equity funding:** The KfW and EFA subscriptions are inter-conditional and will complete simultaneously with any further capital raising required to fully fund the Nolans Project (other than the issue of Convertible Notes to NRFC);
- **Debt financing:** Execution of the key lender documents in relation to the project finance facilities;
- **Environmental and social requirements *(KfW subscription only)*:** Delivery of an updated Environmental and Social Action Plan and Project Execution Plan;
- **Construction approvals *(EFA subscriptions only)*:** Confirmation that Arafura has received all approvals required to commence construction of the Nolans Project;
- **No material adverse change:** No material adverse change occurring prior to Completion; and
- **Other:** Other conditions as set out in the Annexures.

In respect of each agreement, the conditions precedent must be satisfied by 1 December 2026 or such later date as agreed between the parties.

General Meeting

Arafura will convene a General Meeting (**GM**) of shareholders to seek approval for the issue of Shares to KfW and EFA, for the purposes of ASX Listing Rule 7.1.

Further detail regarding the timetable for the GM will be provided to shareholders in due course.

Commenting on the execution of the cornerstone equity subscriptions, Arafura's Managing Director, Darryl Cuzzubbo, said:

"Today marks a transformational milestone for Arafura and the Nolans Project. The execution of binding equity subscriptions from these two government agencies is a powerful endorsement of the strategic importance of Nolans to western supply chains.

This outcome is consistent with our long-stated equity funding strategy of partnering with government-seeded critical minerals funds, customers and strategic investors who share our vision for developing a reliable, and diversified source of rare earth supply.

With the support of our shareholders and incoming cornerstone partners, we are now firmly positioned to finalise our equity funding package and deliver Australia's first fully integrated ore-to-oxide rare earths operation. On behalf of the Board and management, I thank our cornerstone partners for their commitment and look forward to finalising remaining offtake and funding arrangements required for a FID and commencing construction of this nationally significant project."

Overview of the cornerstone investors

KfW is one of the world's leading promotional banks. KfW has been committed to improving economic, social and environmental living conditions across the globe on behalf of the Federal Republic of Germany and the federal states since 1948. In September 2024, the German Federal Government announced the allocation of €1 billion to the GRMF to participate in mining, processing and recycling projects that contribute to safeguarding the supply of critical raw materials for German industry.

EFA is Australia's export credit agency, providing commercial finance for export trade and overseas infrastructure development that delivers benefits to Australia. EFA administers the Australian Government's National Interest Account, which includes the Critical Minerals Facility, the Defence Export Facility, the Southeast Asia Investment Financing Facility and lending for the Australian Infrastructure Financing Facility for the Pacific.

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This announcement has been approved for release by the Chair.

-ENDS-

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Annexure A: Key terms of KfW subscription agreement and investor rights deed

Term	Summary
Subscriber	Kreditanstalt für Wiederaufbau (KfW), on behalf of the German Raw Materials Fund
Securities	Fully paid ordinary shares in Arafura
Subscription amount	€50 million (~A$84 million[1]) (to be converted to AUD prior to Completion)
Issue price	20-day VWAP prior to execution less a 10% discount (or at any lower price per Share at which Shares are offered to third party investors in the lead up to completion of the KfW and EFA subscriptions)
Ranking	Equal with existing Shares
Use of proceeds	Development of the Nolans Project
Additional conditions precedent	The NRFC documents not being terminated, the SGRE offtake agreement being amended and not being terminated and other customary conditions for a transaction of this nature.
Sunset date	1 December 2026
Director nomination	KfW may nominate one director to the Board at completion and will retain such right until 5 years after commercial production at the Nolans Project, and beyond that date until its voting power falls below 3%, provided that if KfW voluntarily disposes of any of its Shares it will immediately lose its board appointment right
Placement consultation	Arafura must consult with KfW and use reasonable endeavours to include KfW in future placements (though KfW does not have a right to participate)
Information rights	KfW is entitled to certain financial and operational information in respect of Arafura and the Nolans Project while it retains its rights to a Board seat
Offtake arrangements	Arafura must comply with the SGRE offtake agreement and, if terminated early, use reasonable endeavours to offer any shortfall to German/European customers

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Annexure B: Key terms of EFA subscription agreement and investor rights deed

Term	Summary
Subscriber	Export Finance Australia (on the National Interest Account)
Securities	Fully paid ordinary shares in Arafura
Subscription amount	US$100 million (~A$146 million[2])
Issue price	20-day VWAP prior to execution less a 10% discount (or at any lower price per Share at which Shares are offered to third party investors in the lead up to completion of the KfW and EFA subscriptions)
Ranking	Equal with existing Shares
Use of proceeds	Development of the Nolans Project
Additional conditions precedent	Compliance with certain Commonwealth Government requirements (including NRFC documents not being terminated) and other customary conditions for a transaction of this nature.
Sunset date	1 December 2026
Moratorium	Arafura must not issue or agree to issue securities convertible into equity without EFA's written consent from signing until 30 days after completion of the subscription (excludes subscriptions by EFA and NRFC, the issue of Shares under any cornerstone offer or the issue of Shares on conversion of existing convertible securities)
Placement consultation	Arafura must give notice to and consult with EFA and use reasonable endeavours to include EFA in future placements (though EFA does not have a right to participate)
Information rights	EFA is entitled to certain financial and operational information in respect of Arafura and the Nolans Project
Offtake arrangements	EFA has the right to engage with Arafura in good faith on commercial arm's length terms in respect of any uncontracted product, and has certain rights of oversight in relation to offtake arrangements

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Summary Information

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

Forward Looking Statements

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

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

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