Announcement Summary

**Entity name**

ARAFURA RARE EARTHS LTD

**Announcement Type**

New announcement

**Date of this announcement**

12/5/2026

**The Proposed issue is:**
A placement or other type of issue

**Total number of +securities proposed to be issued for a placement or other type of issue**

| ASX +security code | +Security description | Maximum Number of +securities to be issued |
|---|---|---|
| New class-code to be confirmed | Convertible Notes | 200 |

**Proposed +issue date**

28/1/2027

Refer to next page for full details of the announcement

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## Part 1 - Entity and announcement details

**1.1 Name of +Entity**

ARAFURA RARE EARTHS LTD

We (the entity named above) give ASX the following information about a proposed issue of +securities and, if ASX agrees to +quote any of the +securities (including any rights) on a +deferred settlement basis, we agree to the matters set out in Appendix 3B of the ASX Listing Rules.
If the +securities are being offered under a +disclosure document or +PDS and are intended to be quoted on ASX, we also apply for quotation of all of the +securities that may be issued under the +disclosure document or +PDS on the terms set out in Appendix 2A of the ASX Listing Rules (on the understanding that once the final number of +securities issued under the +disclosure document or +PDS is known, in accordance with Listing Rule 3.10.3C, we will complete and lodge with ASX an Appendix 2A online form notifying ASX of their issue and applying for their quotation).

| **1.2 Registered Number Type** | **Registration Number** |
|---|---|
| ABN | 22080933455 |

**1.3 ASX issuer code**

ARU

**1.4 The announcement is**
New announcement

**1.5 Date of this announcement**

12/5/2026

**1.6 The Proposed issue is:**
A placement or other type of issue

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## Part 7 - Details of proposed placement or other issue

### Part 7A - Conditions

**7A.1 Do any external approvals need to be obtained or other conditions satisfied before the placement or other type of issue can proceed on an unconditional basis?**
Yes

7A.1a Conditions

| Approval/Condition | Date for determination | Is the date estimated or actual? | ** Approval received/condition met? |
|---|---|---|---|
| +Security holder approval | 25/6/2026 | Estimated | No |

**Comments**

Please refer to ASX announcement dated 12 May 2026. Arafura will convene a general meeting (GM) of shareholders to seek approval for the issue of convertible notes to NRFC 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.

### Part 7B - Issue details

**Is the proposed security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional securities in a class that is already quoted or recorded by ASX)?**
New class

**Will the proposed issue of this +security include an offer of attaching +securities?**
No

#### Details of +securities proposed to be issued

**ISIN Code (if Issuer is a foreign company and +securities do not have +CDIs issued over them)**

**Have you received confirmation from ASX that the terms of the proposed +securities are appropriate and equitable under listing rule 6.1?**
No

**Will the entity be seeking quotation of the 'new' class of +securities on ASX?**
No

| ASX +security code | +Security description |
|---|---|
| New class-code to be confirmed | Convertible Notes |

**+Security type**

+Convertible debt securities

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**Number of +securities proposed to be issued**

200

**Offer price details**

**Are the +securities proposed to be issued being issued for a cash consideration?**
No

**Please describe the consideration being provided for the +securities**

The consideration provided is cash consideration of AUD$1,000,000 per convertible note - that is, the issue price per security is AUD$1,000,000. Note that, due to limitations in the consideration per security field in the form Appendix 3B, the face value of AUD$1,000,000 per convertible note could not be included. The answer to "are the securities proposed to be issued for a cash consideration" is "yes", but "no" was selected to allow this clarification text to be entered.

**Please provide an estimate of the AUD equivalent of the consideration being provided for the +securities**

200,000,000.000000

**Will all the +securities issued in this class rank equally in all respects from their issue date?**
Yes

+Convertible debt securities details

**These securities are:**

Convertible

**Type of security**

Convertible note or bond

**+Security currency**

AUD - Australian Dollar

**Face value**

AUD 1,000,000.0000

**Interest rate type**

Variable rate

**Frequency of coupon/interest payments per year**

Quarterly

**First interest payment date**

31/3/2027

**Interest rate per annum**

7.43600 %

**Is the interest rate per annum estimated at this time?**
Yes

**If the interest rate per annum is estimated, then what is the date for this information to be announced to the market (if known)**

**s128F of the Income Tax Assessment Act status applicable to the +security**

Not s128F exempt

**Is the +security perpetual (ie. no maturity date)?**
No

**Maturity date**

28/1/2042

**Select other features applicable to the +security**

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Subordinated

**Is there a first trigger date on which a right of conversion, redemption, call or put can be exercised (whichever is first)?**
Yes

**If yes, what is the first trigger date**
28/1/2029

**Details of the type of +security that will be issued if the securities are converted, transformed or exchanged**

ARU : ORDINARY FULLY PAID

**Number of +securities that will be issued if the +securities are converted, transformed or exchanged (including, if applicable, any interest)**

The Convertible Notes will be convertible at a conversion price of A$0.476 (subject to customary adjustments for capital events and restructures).

**Please provide a URL link for a document lodged with ASX setting out the material terms of the +securities proposed to be issued or provide the information by separate announcement.**

https://wcsecure.weblink.com.au/pdf/ARU/03088988.pdf

## Part 7C - Timetable

**7C.1 Proposed +issue date**

28/1/2027

## Part 7D - Listing Rule requirements

**7D.1 Has the entity obtained, or is it obtaining, +security holder approval for the entire issue under listing rule 7.1?**
Yes

**7D.1a Date of meeting or proposed meeting to approve the issue under listing rule 7.1**

25/6/2026

**7D.2 Is a party referred to in listing rule 10.11 participating in the proposed issue?**
No

**7D.3 Will any of the +securities to be issued be +restricted securities for the purposes of the listing rules?**
No

**7D.4 Will any of the +securities to be issued be subject to +voluntary escrow?**
No

## Part 7E - Fees and expenses

**7E.1 Will there be a lead manager or broker to the proposed issue?**
No

**7E.2 Is the proposed issue to be underwritten?**
No

**7E.4 Details of any other material fees or costs to be incurred by the entity in connection with the proposed issue**

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## Part 7F - Further Information

**7F.01 The purpose(s) for which the entity is issuing the securities**

The Convertible Notes are being issued to support funding for the development and commissioning of the Nolans Project, and to fund incidental or ancillary corporate activities or overheads. Refer ASX Announcement dated 12 May 2026 for further information.

**7F.1 Will the entity be changing its dividend/distribution policy if the proposed issue proceeds?**

No

**7F.2 Any other information the entity wishes to provide about the proposed issue**

The actual issue date is not yet known and could occur at any time within 18 months of 11 May 2026. Accordingly the issue date shown in this Appendix 3B (28/1/2027) is an estimated date only.

The first interest payment date and first trigger date will not be able to be determined until the issue date is known (and the notes are issued). Accordingly, the first interest payment date and first trigger date shown in this Appendix 3B (31/3/2027 and 28/1/2029 respectively) are estimated dates only.

The maturity date for the notes will ultimately be linked to maturity of the senior finance facilities for the Nolans Project. Accordingly, the maturity date shown (28/1/2042) is an estimated date only.

Please refer to ASX Announcement dated 12 May 2026 for further detail.

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