# ASX ANNOUNCEMENT

## FINAL INVESTMENT DECISION TO DELIVER AUSTRALIA'S FIRST FULLY INTEGRATED ORE-TO-OXIDE PROJECT

21 May 2026

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**Arafura Rare Earths Limited** (**ASX: ARU**) (**Arafura** or the **Company**) is pleased to announce that its Board of Directors has made a Final Investment Decision (**FID**) for the Nolans Rare Earths Project (**Nolans Project** or the **Project**).

The decision to proceed with development follows a number of key recent developments under the Company's comprehensive, multi-year financing and offtake strategy, which has drawn binding commitments from sovereign-backed institutions across four nations and resulted in the Company securing binding offtake with leading manufacturers across the globe. The Company now turns its focus to construction of the Nolans Project, targeting commencement from September 2026.[1]

### HIGHLIGHTS

- **Arafura announces a Final Investment Decision to develop the Nolans Rare Earths Project in the Northern Territory, which will be Australia's first fully integrated ore-to-oxide rare earths operation.**
- **Export Finance Australia has issued a non-binding Letter of Support regarding potential support under the Critical Minerals Strategic Reserve for up to 500 tonnes per annum of NdPr Oxide from the Project.**
- **The Final Investment Decision follows recent announcements including execution of Traxys offtake binding term sheet and execution of binding cornerstone subscription agreements with Export Finance Australia, the National Reconstruction Fund Corporation and the German Raw Materials Fund.**
- **Early engagement of Hatch as Engineering, Procurement and Construction Management (EPCM) contractor coupled with FID, enables the efficient ramp up of site-based construction activity, including early contractor engagement, with the Company now targeting commencement of construction from September 2026.**

Arafura's Chair, Mark Southey said: *"The Board's decision today marks the delivery of a long-awaited milestone for Arafura and its stakeholders. It is the culmination of a deliberate and patient strategy. We have always believed that the right partners would define the quality and durability of the Nolans supply chain. Together with our customers, investment partners and financiers across Europe, Korea, Canada, the United States and Australia, we are now ready to deliver our transformational Project."*

Chief Executive Officer and Managing Director, Darryl Cuzzubbo, said *"The achievement of FID reflects years of disciplined execution and partnership building. The offtake relationships we have established with Hyundai, Kia, Siemens Gamesa, Traxys and the various types of economic support provided by the Australian Government are not transactional arrangements. They reflect a shared recognition that the diversification of global rare earth supply chains is an imperative, not merely an opportunity.*

[1] There are a number of items that need to be completed to enable the Company to proceed to construction. FID has been made on the basis that the Company's Board is confident that it will be able to achieve all remaining milestones (including in relation to debt and equity financing) required to fully fund the Nolans Project. The Company will now proceed to finalising funding arrangements, seeking shareholder approvals in relation to those arrangements at an EGM expected to be held in or around July 2026, and tendering construction contracts.

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*The Australian Government has taken a decisive and proactive approach, developing an economic toolkit that supports the rare earths sector in the near term that will deliver independent and functional markets into the future.*

*On behalf of the Board, I extend my thanks to all our stakeholders for your continued support and for entrusting us to build a company that will play a defining role in the world's technology and energy transition for decades to come."*

## GLOBAL SUPPLY CHAIN DIVERSIFICATION - NOLANS STRATEGIC VALUE

The Nolans Project reaches FID at a moment of profound structural realignment in global critical minerals markets. Like minded Governments – including Australia, the United States, Germany, Canada and South Korea – have accelerated initiatives to reduce single-source supply dependency which can be impacted by global events. The United States-Australian Critical Minerals Framework (**Framework**) (October 2025), and the Minerals Security Partnership successor Forum on Resource Geostrategic Engagement (**FORGE** - February 2025), collectively commit to building diversified, and resilient supply chains.

There is a clear need for targeted, short-term government intervention to address these market failures and catalyse investment. However, it is critical these measures are transitional in nature. The objective of intervention should not be to permanently replace market forces, but to enable the emergence of a competitive, transparent and self-sustaining rare earths sector. Short term intervention can play a decisive role in accelerating supply chain diversification, while preserving the long-term integrity and efficiency of the global rare earths market where investor confidence is founded on the best and most economically viable projects globally without long-term government intervention.

Nolans – as Australia's first fully integrated ore-to-oxide rare earth operation – sits at the centre of this strategy and is an example of demonstrable outcomes being achieved through the landmark Framework signed by Prime Minister Albanese and United States President Trump in October 2025. Its single-site processing model eliminates dependency on concentrated processing infrastructure, a differentiating approach that saw the Nolans Project being highlighted under the Framework.

## EXPORT FINANCE AUSTRALIA (EFA) LETTER OF SUPPORT UNDER THE CRITICAL MINERALS STRATEGIC RESERVE

Aligned to global initiatives including the Australian Government's Critical Minerals Strategy and Future Made in Australia initiatives, Arafura is pleased to be an early recipient of a non-binding Letter of Support regarding potential Critical Minerals Strategic Reserve (**CMSR**) support for up to 500tpa NdPr Oxide from the Nolans Project. Arafura is working closely with the Australian Government to ensure offtake is available to our global trading partners where manufacturing is a key component of their national economic security. Any potential support remains subject to ongoing discussions between the Company and EFA, the completion of satisfactory due-diligence and all requisite approvals from the Australian Government and the Company's shareholders.

The CMSR secures supply of select critical minerals for Australia and key international partners. The CMSR works by securing rights to an initial subset of critical minerals produced in Australia and on-selling those rights to meet demand. Support for projects depends on the needs and conditions of specific mineral markets. This allows Australia to respond to fast-moving market dynamics and the unique circumstances of different minerals. Arafura is pleased that the Nolans Project was considered eligible for participation in the CMSR.

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## OFFTAKE ARRANGEMENTS

Arafura has secured long term offtake agreements with a portfolio of tier-one counterparties across the United States, Europe and South Korea, reflecting strong demand from automotive, wind energy and high-technology sectors.

The non-binding Letter of Support received from EFA, in conjunction with its four previous binding offtake arrangements announced to the market, represent 93% of Arafura's binding offtake target as shown in the table below. The Company remains engaged with tier-one component manufacturers and original equipment manufacturers and, following the Company's expected placement of a targeted 250tpa of NdPr Oxide into Germany or Europe, 20% of the Company's targeted nameplate capacity will remain available for spot market sales.

**Table 1: Offtake Summary**

| Offtake Discussion Group | Location | NdPr Oxide (tpa)[1] | % of Binding Offtake Target[2] |
|---|---|---|---|
| **Secured Offtake** | | | |
| Hyundai & Kia | Korea | 1,500 | 42% |
| Siemens Gamesa RE | Germany | 520 | 15% |
| Traxys Europe S.A. | Luxembourg | 300 | 8% |
| Traxys North America LLC | United States | 500 | 14% |
| **Letter of Support** | | | |
| **Critical Minerals Strategic Reserve** | **Australia** | **500** | **14%** |
| **Sub-total** | | **3,320** | **93%** |
| **Target Market Engagement** | | | |
| OEMs and Tier 1s | Germany / Europe | 250 | 7% |
| **Sub-Total** | | **250** | **7%** |
| **TARGET BINDING OFFTAKE @ 80%** | | **3,570** | **100%** |
| **Uncontracted Production** | | | |
| | Spot Market Sales | 870 | |
| **TOTAL PRODUCTION** | | **4,440** | |

## CONSTRUCTION PATHWAY AND KEY MILESTONES

With FID now declared, the Company is targeting to formally commence construction activities in September 2026.[3] Arafura and its EPCM contractor, Hatch, have developed a detailed execution readiness schedule aligned to this timeline.

[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] Refer to footnote 1 on page 1 of this announcement.



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The Nolans Project has the potential to be among the most consequential contributions to Australian industrial productivity in the Northern Territory's modern history. Independent economic analysis commissioned ahead of FID concludes that the Project will deliver a forecast economic benefit of A$25.2 billion to Gross Territory Product[1] over the planned initial 38-year life of mine. Compounding infrastructure effects create durable economic activity well beyond the Project's direct footprint, supporting the growth of local SME's across logistics, engineering services, water management, power generation and environmental stewardship and compliance.

The Project is forecast to generate more than 600 jobs during the construction phase and sustain approximately 350 permanent positions through steady-state operations. Within the Territory Benefits Plan developed for the Project, the Company has embedded commitments to maximise local and Indigenous workforce participation, including culturally appropriate training and development pathways, target employment outcomes for Traditional Owners and active engagement of the Northern Territory businesses through Industry Capability Network (**ICN**) at every stage of development.

Capturing downstream value from Australia's endowment of critical minerals, rather than exporting raw ore for processing and refining abroad, structurally aligns the Nolans Project with Australia's Future Made in Australia agenda. Nolans is the clearest proof of concept for this agenda in the rare earths sector: its single-site ore-to-oxide processing model captures up to 95% of the rare earth metal value chain domestically, retaining processing margins onshore. Furthermore, Arafura's Phase 2 studies indicate that the Nolans processing facility could, over time, see Arafura function as a processing hub that reduces capital requirements for emerging Australian rare earths developers and position the Northern Territory as the centre of a new domestic rare earths industrial ecosystem.

**Arafura's Managing Director Darryl Cuzzubbo said:**

*"When we look at the architecture of this project – Australian ore, Australian and European processing technology, Korean, European and American end-users, with the full weight of the Australian Government and alliances behind us – what we are building is not just a mine. We are building a template for how sovereign-aligned supply chains can be constructed when governments and industry move together with shared purpose. The patience required to secure this foundation have been repaid in the resilience of what we now have."*

**-ENDS-**

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**Authorised by the Board of Directors**

[1] Independent economic analysis of the Nolans Project prepared by ACIL Allen titled "Economic Impact Assessment Nolans Project" and date 22 January 2024.

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### Forward Looking Statements

This announcement 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 announcement 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.