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ASX ANNOUNCEMENT

ARAFURA LAUNCHES A$350 MILLION PLACEMENT AND A$25 MILLION SPP

22/05/2026

- **Arafura launches ~A$350 million two-tranche institutional Placement at A$0.260 per New Share**
    - **Tranche One Placement to raise ~A$175.5 million; and**
    - **Tranche Two Placement, subject to shareholder approval, to raise ~A$174.5 million**
- **Arafura's largest shareholder, Hancock, has committed to subscribe for ~A$85 million in the Placement, which will result in Hancock holding an interest in the Company of ~17.5% upon completion of the Placement[1]**
- **With the exception of the Hancock Commitment, the Placement is fully underwritten**
- **The Placement follows the Company's announcement of a Final Investment Decision to develop the Nolans Project[3] and the receipt of a non-binding Letter of Support from EFA regarding potential support under the Critical Minerals Strategic Reserve for up to 500tpa of NdPr Oxide from the Nolans Project[4]**
- **Proceeds from the Placement, when combined with the ~A$430 million to be received on completion of the binding equity commitments from the GRMF, EFA[7] and the NRFC[5], together with the ~A$481 million in equity raised in Q4 2025[8], will ensure that Arafura has fully funded the equity component required for the development of the Nolans Project[9]**
- **Following the announcement of the Traxys offtake[6] and the non-binding Letter of Support from EFA under the CMSR, Arafura has now secured ~93% of its binding offtake target[10]. The Company continues to advance discussions with customers and government agencies to place a targeted 250tpa of NdPr Oxide into Germany / Europe**
- **Upon settlement of the Placement, Arafura will have a pro forma cash balance (31 March 2026) of ~A$911 million[2]**
- **In addition to the Placement, Arafura is undertaking an SPP for eligible existing shareholders to raise up to A$25 million at the same price as the Placement (A$0.260 per New Share)**

Arafura Rare Earths Limited (**ASX: ARU**) (**Arafura** or the **Company**) is pleased to announce that it has launched a ~A$350 million (before costs) two-tranche institutional placement (**Placement**). Under the Placement, the Company expects to issue approximately 1,346.2 million new fully paid ordinary shares (**New Shares**) at an offer price of A$0.260 per New Share (**Offer Price**).

Arafura's largest shareholder, Hancock Prospecting Pty Ltd (**Hancock**), has committed to subscribe for ~A$85 million (~326.9 million New Shares) in the Placement (**Hancock Commitment**). Following the Placement, Hancock will hold an interest in the Company of ~17.5%[1].

[1] *Before any shares are issued under the SPP or to any of the cornerstone investors.*

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With the exception of the Hancock Commitment, the Placement is fully underwritten.

In addition to the Placement, the Company is also undertaking a share purchase plan (**SPP**) targeting to raise approximately A$25 million. New Shares will be offered under the SPP at the Offer Price of A$0.260 per New Share, which is the same price as under the Placement.

Together, the Placement and SPP (if the SPP is fully subscribed to A$25 million) will raise total gross proceeds of approximately A$375 million (before costs). Upon settlement of the Placement, the Company will have a pro forma cash balance (31 March 2026) of ~A$911 million[2].

The Placement follows the Company's announcement of a Final Investment Decision (**FID**) to develop the Nolans Rare Earths Project (**Nolans Project**)[3], together with the receipt of a non-binding Letter of Support (**Letter of Support**) from Export Finance Australia (**EFA**) regarding potential support under the Critical Minerals Strategic Reserve (**CMSR**) for the supply of up to 500tpa of NdPr Oxide from the Nolans Project[3,4].

The Placement also follows the recent execution of definitive and binding convertible note documentation with the National Reconstruction Fund Corporation (**NRFC**) for A$200 million of Convertible Notes[5], and the signing of a binding offtake term sheet with Traxys North America LLC (**Traxys**) for the supply of 500tpa of NdPr Oxide from the Nolans Project[6].

Proceeds from this Placement, when combined with the ~A$430 million to be received on completion of the binding equity commitments from Kreditanstalt für Wiederaufbau (**KfW**), on behalf of the German Raw Materials Fund (**GRMF**), Export Finance Australia (**EFA**)[7] and the NRFC[5], and the ~A$481 million in equity raised in Q4 2025[8], will ensure that Arafura has fully funded the equity component required for the development of the Nolans Project[9] – Australia's first fully integrated ore-to-oxide rare earths operation.

Including the Letter of Support, Arafura has now secured approximately 93% of its binding offtake target[10], with the Company continuing to advance discussions with customers and government agencies to place a targeted 250tpa of NdPr Oxide into Germany / Europe.

Commenting on the capital raising and funding milestone, Arafura's Chief Executive Officer and Managing Director, Darryl Cuzzubbo, said:

"We are pleased to announce the launch of this A$350 million institutional placement, which ensures that Arafura has fully funded the equity component required for the development of the Nolans Rare Earths Project[9] – Australia's first fully integrated ore-to-oxide rare earths operation.

Following our Final Investment Decision and the strong support received from the Australian Government, including through the non-binding Letter of Support regarding CMSR support, together with the NRFC and EFA, and the

[2] *Before costs and excluding any proceeds raised under the SPP.*

[3] *Refer to ASX announcement dated 21 May 2026 (Final Investment Decision and CMSR Letter of Support). FID has been made on the basis that the Company's Board is confident it will achieve all remaining funding 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 on 02 July 2026, and tendering construction contracts.*

[4] *Any potential CMSR 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.*

[5] *Refer to ASX announcement dated 12 May 2026 (NRFC convertible note documentation).*

[6] *Refer to ASX announcement dated 13 May 2026 (Traxys North America binding offtake term sheet).*

[7] *Refer to ASX announcement dated 01 April 2026 (cornerstone equity agreements).*

[8] *Includes A$475 million raised under the two-tranche placement and A$6.4 million raised under the SPP.*

[9] *Completion of the EFA, KfW and NRFC subscriptions remain subject to the satisfaction (or waiver) of various conditions precedent.*

[10] *The Company is targeting 80% of planned production as binding offtake. The CMSR Letter of Support is non-binding at this stage. Refer to FID announcement dated 21 May 2026 for the full offtake summary.*

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backing of the German Raw Materials Fund, Arafura is now well positioned to move towards commencing construction of this nationally significant project which we are targeting to commence around September 2026.

The binding offtake term sheet signed with Traxys North America and the Letter of Support from Export Finance Australia bring our offtake volumes up to 93% of our binding offtake target[4]. We continue to advance discussions with a range of high-quality customers and government institutions to place the remaining targeted 250tpa of NdPr Oxide into Germany / Europe.

We are also pleased to offer our existing eligible shareholders the opportunity to participate via the SPP, which is expected to open on Wednesday, 3 June 2026.

On behalf of Arafura's Board and management team, I thank our cornerstone partners for their commitment and our existing shareholders for their continued support. I look forward to welcoming new shareholders who share our vision for establishing a sustainable, diversified Western rare earths supply chain."

Hancock Executive Chairman Mrs Gina Rinehart, AO, added:

"Hancock Prospecting is pleased to support development in the Northern Territory, and support Arafura with additional investment to enable the start of construction of the Nolan's Bore rare earths project, which will play a vital strategic role in the global critical minerals supply chain."

Use of Funds

The Company intends to use the proceeds from the Placement for the following purposes:

- construction and development of the Nolans Project;
- provision for the cash component of the cost overrun account; and
- corporate, working capital and offer costs.

Placement Details

New Shares under the Placement will be issued in two tranches:

- **Tranche 1:** the Company will issue approximately 675.1 million New Shares at an Offer Price of A$0.260 per New Share, raising a total of ~A$175.5 million (before costs) (**Tranche One Placement**); and
- **Tranche 2:** subject to shareholder approval, the Company will issue approximately 671.0 million New Shares at an Offer Price of A$0.260 per New Share, raising a total of ~A$174.5 million (before costs) (**Tranche Two Placement**).

The Offer Price of A$0.260 per New Share represents a discount of 16.1% to Arafura's last closing share price of A$0.310 per share on Thursday, 21 May 2026 and a discount of 15.5% to Arafura's 5-day volume weighted average price of A$0.308 per share up to and including Thursday, 21 May 2026.

New Shares under the Tranche One Placement will be issued within the Company's existing placement capacity in accordance with ASX Listing Rule 7.1 (and will not require shareholder approval). Settlement of the Tranche One Placement is expected to occur on Thursday, 28 May 2026, with New Shares issued on Friday, 29 May 2026.

Completion of the Tranche Two Placement is subject to shareholder approval, which will be sought at an Extraordinary General Meeting (**EGM**) expected to be held in July 2026. Pending shareholder approval, settlement of the Tranche Two Placement is expected to occur on Wednesday, 8 July 2026, with New Shares issued on Thursday, 9 July 2026.

New Shares issued under the Placement will rank equally with the Company's existing fully paid ordinary shares on issue.

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With the exception of the Hancock Commitment, the Placement is fully underwritten. Barrenjoey Markets Pty Limited and Canaccord Genuity (Australia) Limited are acting as Joint Lead Managers, Bookrunners and Underwriters to the Placement. Johnson Winter Slattery is acting as legal adviser to the Company.

SPP Details

In addition to the Placement, Arafura will be undertaking a SPP targeting to raise approximately A$25 million (before costs). Proceeds raised under the SPP will be used for the same purposes as described above. The SPP is not underwritten.

Eligible Arafura shareholders, being those who have a registered address in Australia or New Zealand at 7:00pm (AEST) on Thursday, 21 May 2026 (**Record Date**), will be invited to subscribe for up to A$30,000 of New Shares in the Company under the SPP (free of brokerage and transaction costs). The offer price under the SPP is A$0.260 per New Share, which is the same as the Offer Price for the Placement.

New Shares issued under the SPP will rank equally with the Company's existing fully paid ordinary shares on issue.

As the SPP is not underwritten, the SPP may raise less than A$25 million. The Company retains the right to scale-back applications (in whole or in part) in its absolute discretion (subject to the ASX Listing Rules).

Applications for New Shares under the SPP will be capped at a maximum of A$30,000 per eligible shareholder, across all their holdings.

The Company notes that it has completed two share purchase plans in the preceding 12 months. The first completed on 10 October 2025 in reliance on ASX Listing Rule 7.2 (Exception 5) and ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 (**ASIC Instrument**). The second completed on 15 December 2025 via a prospectus and subject to shareholder approval in reliance on a waiver of ASX Listing Rule 7.3.9, which was granted by ASX on 5 November 2025. The Company now wishes to offer eligible shareholders the ability to acquire up to a further A$30,000 worth of New Shares under the SPP.

As the ASIC Instrument and ASX Listing Rule 7.2 (Exception 5) only allow a maximum investment of A$30,000 in any 12-month period, the Company is currently unable to rely on the ASIC Instrument or ASX Listing Rule 7.2 (Exception 5) in respect of the proposed SPP. Accordingly, the offer and issue of the New Shares under the SPP will be:

- made under a prospectus that will be prepared and lodged with ASIC (and released to ASX) in due course (**Prospectus**); and
- subject to shareholder approval for the purposes of ASX Listing Rule 7.1 (and the Company will seek a waiver of ASX Listing Rule 7.3.9 for this purpose).

Directors (and their associates and any other person referred to in ASX Listing Rule 10.11) who are eligible shareholders will only be permitted to participate in the SPP (on the same terms as all other eligible shareholders) subject to shareholder approval. To the extent any such parties wish to participate in the SPP, the Company will seek the relevant approval at the EGM.

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Indicative Timetable

Event	Date (AEST)
Placement	
Trading halt and announcement of the Placement and SPP	Friday, 22 May 2026
Placement bookbuild	Friday, 22 May 2026
Trading halt lifted and announcement of completion of the Placement	Monday, 25 May 2026
Settlement of New Shares under Tranche One Placement	Thursday, 28 May 2026
Issue, quotation and trading of New Shares under the Tranche One Placement	Friday, 29 May 2026
EGM to approve issue of New Shares under the Tranche Two Placement, SPP and Director participation	Thursday, 2 July 2026
Settlement of New Shares under the Tranche Two Placement	Wednesday, 8 July 2026
Issue, quotation and trading of New Shares under the Tranche Two Placement	Thursday, 9 July 2026
SPP	
Record Date	Thursday, 21 May 2026
SPP Prospectus lodged with ASIC, released to ASX and dispatched to Shareholders SPP opens	Wednesday, 3 June 2026
EGM to approve issue of New Shares under the Tranche Two Placement, SPP and Director participation	Thursday, 2 July 2026
SPP closes	Tuesday, 7 July 2026
Announcement of results of SPP and Issue of New Shares issued under SPP	Monday, 13 July 2026
Commencement of trading of New Shares issued under SPP	Wednesday, 15 July 2026

This timetable is indicative only and the Company may, at its discretion (subject to any applicable laws and the ASX Listing Rules), vary any of the above dates. The commencement of trading and quotation of New Shares is subject to ASX confirmation.

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Additional Information

Further details in relation to the capital raising are set out in the Company's investor presentation lodged with the ASX today. The investor presentation contains important information, including key risks of investing in Arafura, the key terms of the underwriting arrangements and foreign selling restrictions with respect to the Placement.

This announcement has been approved for release by the Board of Arafura.

-ENDS-

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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.

In accordance with section 734(5)(a) of the Corporations Act, the Company confirms that (in relation to the Prospectus):

- Arafura will be the offeror of the New Shares under the SPP;
- the Prospectus will be made available to eligible shareholders when the SPP opens and the New Shares are offered;
- the Prospectus will be made available to eligible shareholders on Wednesday, 3 June 2026 through a designated website established for the offer;
- a person should consider the Prospectus in deciding whether to acquire New Shares under the SPP; and
- anyone who wants to acquire New Shares under the SPP will need to complete an application form that will be in or will accompany the Prospectus.

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

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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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