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

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

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

New class-code to be confirmed

+Security description

Convertible Notes

+Security type

+Convertible debt securities

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

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

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.