ASX ANNOUNCEMENT

QUARTERLY ACTIVITIES REPORT AND APPENDIX 5B FOR PERIOD ENDING 30 SEPTEMBER 2026

30 October 2026

Arafura Rare Earths Limited (**ASX: ARU**) (**Arafura** or the **Company**) is pleased to provide its Quarterly Activities Report for the period ending 30 September 2026.

HIGHLIGHTS

- Construction activity commenced during the quarter, with early site access works and site mobilisation activities underway.
- Extension of existing offtake agreement with a global wind turbine company for 500tpa on an independent pricing index, reflecting the Company's objective to move pricing to a transparent and global seaborne index.
- Procurement activities equivalent to approximately A$700 million of scope were advanced during the period, with approximately 70 packages uploaded for tender via the Industry Capability Network (**ICN**) Gateway.
- Total term deposits, cash and cash equivalents of A$885 million as at 30 September 2026 (versus A$723 million as at 30 June 2026). This includes proceeds from Tranche 2 of the May 2026 institutional placement.
- Subsequent to the end of the reporting period, the Company:
  - Hosted a ground-breaking ceremony attended by key stakeholders, including representatives from the Anmatyere Community, Federal and Northen Territory Governments.
  - Hosted the Annual General Meeting on 22 October 2026, with all resolutions passed.
  - Announced the appointment of Mr Ian Murray as incoming Chair, effective from 22 October 2026, succeeding Mr Mark Southey following his resignation from the Board.

Arafura's Managing Director Darryl Cuzzubbo said:

"The September quarter marks another milestone for Arafura and our Nolans Project. Following the financial investment decision in May, we have now moved from planning and preparation into delivery, with early construction works commencing, preparing the team for the work that lies ahead. FID was not the finish line, it was the start and we know the task ahead is significant, and that is why we have been deliberate in our endeavours to establish the very foundations - the people, the experience - to safely deliver Nolans.

And as we enter this transitional period, we do so under the direction of a new Chair, Mr Ian Murray. I would like to again express my gratitude to our outgoing Chair, Mr Mark Southey for his commitment and leadership in the pursuit of our early pioneers' vision. As we look to materialise that vision into reality, Ian's depth of experience in delivering transformational development and growth will be instrumental to our success."

-ENDS-

Arafura Rare Earths Limited
ABN: 22 080 933 455
Level 1, 11 Mounts Bay Road, Perth WA 6000
PO Box 5773, St Georges Terrace, Perth WA 6831
T: +61 8 6370 2800 | **W:** www.arultd.com | **E:** arafura@arultd.com

QUARTERLY ACTIVITIES REPORT AND APPENDIX 5B FOR PERIOD ENDING 30 SEPTEMBER 2026

Further Information:

Investors
Penelope Stonier
Chief Corporate Affairs Officer
+61 476 435 120
pstonier@arultd.com

Media
Luke Forrestal
GRA Partners
+61 411 479 144
luke.forrestal@omc.com

Authorised by:
Annaliese Eames
Company Secretary
companysecretary@arultd.com

QUARTERLY ACTIVITIES REPORT AND APPENDIX 5B FOR PERIOD ENDING 30 SEPTEMBER 2026

SAFETY

The health, safety and wellbeing of our people is the highest priority. Following the commencement of construction, the Project recorded a Total Recordable Injury Frequency Rate (TRIFR) of 0.00 for the period ending 30 September 2026.

PROJECT DELIVERY

Nolans Project

The Company has ramped up the Project owner's team and Hatch's resources (Engineering, Procurement and Construction Management (**EPCM**) contractor) in response to FID. Attention has been focussed on the following areas:

- Engineering development to finalise value opportunities
- Engineering development to enable procurement activities for early packages
- Procurement of early and long-lead packages and certified vendor data
- Site enabling works and initial construction activities

Extraction Plant engineering progressed to address areas of optimisation and advancing engineering status to a level that supports the procurement of critical long lead items. Progress on the Extraction Plant engineering further supports preparation for major package tenders.

Site reinstatement works associated with early accommodation readiness have progressed and the first construction contract has been awarded. The construction of permanent site access from the Stuart Highway prior to the commencement of major construction works is critical to ensuring the safety of public and project road users at that intersection and that site access is adequate to accommodate the significant volumes of machinery and equipment to support future construction activities. Activities to support bulk earthworks and mobilisation, including hard stand preparatory works, were also initiated subsequent to the period end.

Forecast procurement activities representing approximately A$700 million of scope (committed, tendered and issued to market for pricing) were completed during the period, the majority of which remains under assessment for award. A further A$350 million approximately of tenders is anticipated over the next six (6) months.

Providing supply and services opportunities within the Northern Territory is fundamental to how we go about our business. The Company hosted additional regional Northern Territory based procurement roadshows during the period to identify and engage with Northern Territory suppliers. This continued to provide the industry with an overview of the commercial opportunities; the process for registration of expressions of interest; and pathways for engagement either directly with the project or as subcontractors/suppliers. To date over 2,000 companies have submitted expressions of interest through this process.





QUARTERLY ACTIVITIES REPORT AND APPENDIX 5B FOR PERIOD ENDING 30 SEPTEMBER 2026





Images: (Left to right, prior page and above) Fly camp and main camp, site access road, hardstand, site access roads

Engineering and Design

Hydrometallurgical Plant

Engineering effort has been directed towards the Extraction Plant and early construction packages with the full ramp-up of engineering resources now underway. Core design of the Separation Plant matured with engineering progressing target separation technologies. Trade-off studies advanced with a focus on operability, efficiency and cost whilst ensuring that critical path elements have continued to develop through the period.

Non-Process Infrastructure

A study of the preferred residue storage facility design and configuration is underway to optimise cost, water recovery and environmental performance.

Commissioning works for the existing 208-bed camp have progressed in preparation for initial construction works. The existing 48 bed fly-camp currently supports the re-instatement activities.

Technology Development

Preliminary desk top engineering on plant optimisation studies to increase recovery of Dysprosium (**Dy**) and Terbium (**Tb**) from acid purification waste liquor progressed during the quarter and will be ongoing for the remainder of the year.

In parallel, pilot testing has commenced in partnership with Clean TeQ on the Ion Exchange (**IX**) separation test work, which is anticipated to be completed by the end of the calendar year. The test work is designed to assess targeted opportunities to enhance the Nolans flowsheet, including the separation of heavy rare earths elements.

OPERATIONAL LICENCING

With focus on advancing environmental approvals and regulatory readiness, the Company continued development of its Environmental Mining License (**EML**) framework during this period. Key activities included undertaking risk assessment workshops, finalising environmental outcomes, refining site layout and securities. These activities are helping to establish the framework that will support the transition from the approved Mine Management Plan (**MMP**) to EML, ensuring environmental risks, commitments and regulatory obligations are clearly defined and appropriately managed as the Project progresses towards construction.

SUSTAINABILITY

Reporting, disclosures and compliance

Delivery of the first tranche of Environmental and Social Action Plan (**ESAP**) as agreed with the lender group was completed during the period. All contractual close corrective actions have now been signed off by the Independent Environmental and Social Consultant, Tetra Tech Coffey.

During the reporting period, Arafura has also progressed the materiality assessment to ensure its sustainability priorities remain aligned with stakeholder expectations, emerging risks and opportunities, and evolving reporting requirements. The assessment outcomes are being used to inform and refine strategic sustainability initiatives for FY2027. Full details of the materiality assessment can be found in the Company's FY2026 Annual Report.

Arafura continued to advance its sustainability reporting and stakeholder engagement activities, completing and submitting its UN Global Compact (**UNGC**) Communication on Progress (**COP**) on 12 August 2026, lodging its S&P Corporate Sustainability Assessment (**CSA**) submission on 18 September 2026, and providing a response to the Safeguard Mechanism (**SGM**) Review Consultation Paper on 18 September 2026. These initiatives support alignment with evolving ESG expectations and contribute to the Company's broader sustainability strategy and reporting program.

Environmental Management

Arafura strengthened its governance through enhancements to its Compliance Management System (**CMS**), including clearer accountabilities, improved oversight and verification mechanisms, and stronger integration of environmental and social approval obligations and management plan commitments.

The Company also commenced a review of its environmental monitoring programs to rationalise monitoring requirements, optimise monitoring locations, and ensure monitoring activities remain risk-based, targeted and aligned with regulatory obligations. These improvements have strengthened compliance assurance and governance controls, supporting project execution readiness, improved understanding of environmental conditions and will support the early identification of emerging trends.

EXPLORATION

Nolans Bore

Exploration activities during the quarter continued to focus on progressing mining-related studies and developing operational and business readiness plans.

NEODYMIUM AND PRASEODYMIUM (NDPR) MARKET

During the September Quarter, the ex-works China price stabilised at around US$110 per kilogram, suggesting that the floor price established with key ex-China oxide producers is supporting prices in the Chinese domestic market.



Figure 1: Asian Metal's Rare Earth Price Index - NdPr Oxide Price EXW China (inclusive VAT) converted to US$

OFFTAKE AND PROJECT FUNDING

Offtake from the Nolans Project

On 18 September 2026, the Company executed an extension to its existing 500tpa offtake agreement with a global wind turbine OEM, incorporating revised pricing terms linked to a seaborne price index. After quarter end, the Company also announced a binding offtake agreement with a US trading group and named participant in the Project Vault initiative. Under the five-year agreement, offtake volumes will ramp up to 850tpa of NdPr once the Nolans Project reaches nameplate production.

The Company is in discussions with several parties for the modest remaining volume of NdPr offtake available, with the expectation that those tonnes will come from the 500tpa currently earmarked under the Australian Government's Critical Minerals Strategic Reserve.

As previously advised, the Company intends to ensure that its disclosures do not compromise any commercially sensitive information or prejudice the Company's negotiating position. As a result, to the extent permitted by ASX guidance, Arafura will no longer disclose the identity of offtake counterparties unless the identity of the counterparty is itself material.

Project Funding – Debt

Engagement with the international group of Export Credit Agencies (**ECA**) and commercial lenders that have committed debt funding for the development of Nolans continued through the period with the indicative debt structure consistent to earlier disclosures.

Following the FID announcement on 21 May 2026 and the alignment of offtake agreements with delivery of first product, the lender group is progressing with final credit approvals to enable contractual close on the project finance facilities.

Project Funding – Equity

On 31 March 2026, Arafura entered into binding subscription agreements for a total of ~A$230 million with KfW on behalf of the German Raw Material Fund (**GRMF**) and Export Finance Australia (**EFA**), with requisite renewal of shareholder approval for the issuing of shares in relation to these facilities received at the Company's Annual General Meeting (**AGM**) held on 22 October 2026. The equity subscriptions comprise €50 million (~A$84 million) from the GRMF and US$100 million (~A$146 million) from EFA. Additional detail on the GRMF, EFA and key terms of the transaction are detailed in Arafura's ASX Announcement dated 1 April 2026 "Arafura executes binding cornerstone equity agreements". During the quarter the Company progressed the conditions precedent to the EFA and GRMF subscriptions and expects completion in parallel to contractual close of the debt facilities.

CORPORATE

Cash Position

On 30 September 2026, Arafura had cash and cash equivalents of A$160 million and $725 million of term deposits with original maturities of greater than three (3) months and less than 12 months. Total term deposits and cash and cash equivalents as of 30 June 2026 was $885 million compared with A$723 million as of 30 June 2026.

During the quarter, the Company spent ~A$0.3 million on exploration and evaluation activities, ~A$6.1 million on corporate, administration and business development costs and ~A$14.8 million on project development activities including:

- Project Execution planning.
- Detailed engineering on the hydrometallurgical plant.
- Engineering activities on critical path construction activities such as bulk earth works.

- Project management.
- Security payments to the Northern Territory Government for on-ground activities.

Cash outflows increased as the Company continued its progress on construction and operational readiness activities. Payments of A$437,000 reported in Item 6.1 of the attached Appendix 5B relate to salaries, fees and superannuation paid to Directors.

Further details on cashflows for the September 2026 quarter are available in the attached Appendix 5B.

Board and Key Management Personnel

On 17 September 2026, the Company announced that the Chair of the Board, Mr Mark Southey, would not stand for re-election, resigning from his position as Chair immediately following the Company's AGM on 22 October 2026. On 22 October 2026, the Company announced Mr Ian Murray had been appointed as Chair of the Board effective at the close of the Company's AGM. At the same time, the Company confirmed Ms Cathy Moises assumed the role of Chair of the Audit Committee and Ms Annaliese Eames was appointed as Company Secretary.

Tenements

In accordance with ASX Listing Rule 5.3, please refer to Appendix A for a listing of all tenement holdings.

Forward Looking Statements

This report 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 report 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

The information in this report that relates to production targets is extracted from the Company's ASX announcement dated 11 November 2022 entitled "Nolans Project Update" (**Nolans Project Update**). The Company's mineral resource 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 Nolans Project Update. 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 Nolans Project Update continue to apply and have not materially changed.

Forecast Financial Information

The information in this announcement that relates to forecast financial information derived from the production target is extracted from the Company's ASX announcement dated 17 June 2026 entitled "Clarification – Project Economics" (**Project Economics Update**). Arafura confirms that all material assumptions underpinning the forecast financial information derived from the production target set out in the Project Economics Update continue to apply and have not materially changed.

QUARTERLY ACTIVITIES REPORT AND APPENDIX 5B FOR PERIOD ENDING 30 SEPTEMBER 2026

APPENDIX 5B MINING EXPLORATION ENTITY AND OIL AND GAS EXPLORATION ENTITY QUARTERLY REPORT

Name of entity	
Arafura Rare Earths Ltd	
ABN	Quarter ended ("current quarter")
22 080 933 455	30 September 2026

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**	-	-
1.1	Receipts from customers		
1.2	Payments for	-	-
	(a) exploration & evaluation		
	(b) development	(14,764)	(14,764)
	(c) production	-	-
	(d) staff costs	(2,580)	(2,580)
	(e) administration and corporate costs	(3,541)	(3,541)
1.3	Dividends received	-	-
1.4	Interest received	6,571	6,571
1.5	Interest and other costs of finance paid	(31)	(31)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other	-	-
1.9	**Net cash from / (used in) operating activities**	**(14,345)**	**(14,345)**

2.	**Cash flows from investing activities**	-	-
2.1	Payments to acquire:		
	(a) entities		
	(b) tenements and bonds	-	-
	(c) property, plant and equipment	(791)	(791)
	(d) exploration and evaluation	(276)	(276)
	(e) investments (*see note below)	(225,000)	(225,000)
	(f) other non-current assets (long term deposits and bonds)	(3,676)	(3,676)
2.2	Proceeds from the disposal of:	-	-
	(a) entities		
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets (term deposits)	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received	-	-
2.5	Other	-	-
2.6	**Net cash from / (used in) investing activities**	**(229,743)**	**(229,743)**

* Funds totalling A$725m have been invested in term deposits with original maturities of greater than three months and less than twelve months.

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	186,011	186,011
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-

3.4	Transaction costs related to issues of equity securities or convertible debt securities	(4,883)	(4,883)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (repayment of lease liabilities)	(82)	(82)
3.10	**Net cash from / (used in) financing activities**	**181,046**	**181,046**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	223,241	223,241
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(14,345)	(14,345)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(229,743)	(229,743)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	181,046	181,046
4.5	Effect of movement in exchange rates on cash held	(10)	(10)
4.6	**Cash and cash equivalents at end of period**	**160,189**	**160,189**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	160,189	223,241
5.2	Call deposits	-	-

5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**160,189**	**223,241****

**Two term deposits totalling $60m were reinvested in the current quarter with maturity lengths greater than three months and less than twelve months and has been classified as short-term deposits, not cash equivalents.

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate number of payments to related parties and their associates included in item 1	(437)
6.2	Aggregate number of payments to related parties and their associates included in item 2	-
Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments		
Salaries, fees and superannuation of Directors of the Company.		

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end** **$A'000**	**Amount drawn at quarter end** **$A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

Not applicable.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(14,345)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(276)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(14,621)
8.4	Cash and cash equivalents at quarter end (item 4.6)	160,189
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	160,189
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	11.0
	Note: if the entity has reported positive relevant outgoings (i.e. a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
	8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: Not applicable.	
	8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: Not applicable.	
	8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: Not applicable.	
	Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.	

QUARTERLY ACTIVITIES REPORT AND APPENDIX 5B FOR PERIOD ENDING 30 SEPTEMBER 2026

COMPLIANCE STATEMENT

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: 30 October 2026

Authorised by: The Board

(Name of body or officer authorising release – see note 4)

Notes

1) This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2) If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g., Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee". If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

ARAFURA RARE EARTHS

QUARTERLY ACTIVITIES REPORT AND APPENDIX 5B FOR PERIOD ENDING 30 SEPTEMBER 2026

APPENDIX A – MINING TENEMENTS HELD AS AT 30 SEPTEMBER 2026

Tenement reference	Project	Holder	Nature of interest	Interest at beginning of quarter	Interest at end of quarter	Notes
ML 26659 ML 30702 ML 30703 ML 30704 ML 32411 ML 32412 ML 32413 ML 32414 ML 32415 ML 32416	Nolans, NT	Arafura Nolans Project Pty Ltd	Mineral Lease	100% 100% 100% 100% 100% 100% 100% 100% 100% 100%	100% 100% 100% 100% 100% 100% 100% 100% 100% 100%	
EL 28473 EL 28498 EL 29509 EL 31224 EL 31284 EL 31957	Aileron–Reynolds, NT	Arafura Rare Earths Ltd	Exploration Licence	100% 100% 100% 100% 100% 100%	100% 100% 100% 100% 100% 100%	
EL 29701	Bonya JV, NT	Arafura Rare Earths Ltd	Exploration Licence	60%	60%	Thor Mining Plc 40%, Arafura Rare Earths Limited 60%
EL 32167	Jervois Vanadium, NT	Arafura Rare Earths Ltd	Exploration Licence	60%	60%	Thor Mining Plc 40%, Arafura Rare Earths Limited 60%
ML32722	Nolans, NT	Arafura Nolans Project Pty Ltd	Mineral Lease	100%	100%	Application lodged.
ML33107	Nolans, NT	Arafura Nolans Project Pty Ltd	Mineral Lease	100%	100%	
EMP33078 EMP33079 EMP33080 EMP33081 EMP33082 EMP33083 EMP33084 EMP33085	Nolans, NT	Arafura Nolans Project Pty Ltd	Extractive Mineral Permit	100%	100%	