ARAFURA
RARE EARTHS

Annual Report
30 June 2026

ABN 22 080 933 455

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Acknowledgement of Country

Arafura acknowledges the Traditional Owners and Custodians of the lands where the Nolans Project is located in the Northern Territory, the Anmatjere People.

We also acknowledge the Whadjuk people of the Noongar Nation who are the Traditional Owners and Custodians of the lands where our head office is located in Perth.

Arafura pays respects to their Elders, past and present.

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For enquiries specific to shares, please contact our Share Registry:

MUFG Corporate Markets
QV1 Building,
Level 12, 250 St Georges Terrace
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About this Report

All references to our, we, us, the Group, the Company and Arafura refer to Arafura Rare Earths Limited (ABN 22 080 933 455) and its subsidiaries. All references to a year are to the financial year ended 30 June 2026 unless otherwise stated. All references to Project, The Project or Nolans refer to Arafura's Nolans Project located in the Northern Territory. All references to NdPr refer to Neodymium and Praseodymium collectively. All references to Dy refer to Dysprosium and references to Tb refer to Terbium.

The financial statements are presented in Australian dollars (A$ or $) which is the Group's reporting currency and functional currency. All references are A$ unless otherwise stated.

This report has been approved for release by Arafura's Board of Directors.

Contents

Corporate directory 04
Chair's report 06
Managing Director's review 08
About us 10
Operations report 12
ESG report 18
Directors' report 46
Corporate governance statement 77
Auditor's independence declaration 78
Consolidated statement of profit or loss and other comprehensive income 80
Consolidated statement of financial position 81
Consolidated statement of changes in equity 82
Consolidated statement of cash flows 83
Index to the notes to the consolidated financial statements 84
Notes to the consolidated financial statements 85
Consolidated entity disclosure 104
Directors' declaration 105
Independent audit report to the members 106
Additional information 110

Corporate directory

Directors	Mark Southey | Chair & Non-Executive Director Darryl Cuzzubbo | Managing Director & Chief Executive Officer Cathy Moises | Non-Executive Director Michael Spreadborough | Non-Executive Director Roger Higgins | Non-Executive Director Ian Murray | Non-Executive Director
Company Secretary	Catherine Huynh
Annual General Meeting to be held at	BDO Audit Pty Ltd Level 9, Mia Yellagonga Tower 2 5 Spring Street Perth WA 6000
Time	11:00am (AWST)
Date	Thursday, 22 October 2026
Closing date for director elections	2 September 2026 Nominations must be received at Company's registered office by 5:00pm (AWST) on this day.
Principal registered office in Australia	Level 1, 11 Mounts Bay Road Perth WA 6000
Share Registry	MUFG Corporate Markets QV1 Building, Level 12, 250 St Georges Terrace Perth WA 6000
Auditors	BDO Audit Pty Ltd Level 9, Mia Yellagonga Tower 2 5 Spring Street Perth WA 6000
Solicitors	Johnson Winter and Slattery Level 49, 152-158 St Georges Terrace Perth WA 6000
Bankers	Commonwealth Bank of Australia Level 6 300 Murray Street Perth WA 6000
Stock Exchange Listings	Arafura Rare Earths Limited shares are listed on the Australian Stock Exchange under the ticker code "ARU".
Website	www.arultd.com

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Chair's report

Dear Shareholders

On behalf of the Board of Arafura Rare Earths Limited, I am pleased to present the Company's 2026 Annual Report.

As I reflect on the past 12 months, Arafura has moved from planning to execution. The achievement of a Final Investment Decision for the Nolans Project marks a defining milestone for the Company and its stakeholders. It is the culmination of a deliberate, disciplined and patient strategy to establish Australia's first fully integrated ore-to-oxide rare earths operation, and it signals the beginning of the next chapter: delivery.

This decision has been taken against a backdrop of profound change in the geopolitical and global trade environment. Rare earths are not just economic commodities; they are strategic enablers of energy transition, advanced manufacturing, personal technology and national security. As governments and industries seek secure, transparent and diversified supply chains, Arafura's position has strengthened significantly.

The risks associated with concentrated supply chains have become more visible and more acute. China's export control regime for selected rare earth elements and magnet-related technologies has heightened uncertainty for manufacturers in automotive, defence, renewable energy and advanced technology sectors. Industry commentary and market analysis point to licensing delays, episodic disruptions and growing recognition that secure access to separated rare earth oxides and permanent magnets is now a strategic requirement, not simply a procurement decision.

Governments and industry around the world have moved from policy intent to coordinated action to support responsible, diversified critical minerals supply chains. The G7 Critical Minerals Action Plan and subsequent G7 leaders' declaration have elevated rare earths from an industrial input to an economic security priority, with a focus on standards-based markets, transparent supply chains, strategic stockpiling and the development of processing capacity among partners. The European Union's Critical Raw Materials Act and RESourceEU Action Plan have set clear 2030 benchmarks for domestic extraction, processing, recycling and diversification away from single-source dependence, reinforcing the strategic need for projects such as Nolans.

These developments are also changing market structures. Government-backed mechanisms, including rare earth price floors and long-term offtake arrangements in the United States, are creating alternative reference points seaborne supply and helping to de-risk investment in independent processing and magnet supply chains. We are seeing an emerging recognition that responsible supply, reliability, traceability and strategic alignment carry value beyond prevailing spot prices.

With FID now achieved, our focus has shifted decisively from financing and readiness to disciplined execution. The Nolans Project benefits from its Australian domicile, proximity to critical water, energy and transport infrastructure, and a Phosphate-hosted resource that is expected to support operating costs in the lowest quartile. These qualities provide resilience through market cycles and underpin our capacity to create long-term value for shareholders and stakeholders.

The Company has assembled a capital structure supported by commercial banks, export credit agencies, sovereign-backed institutions and cornerstone investors across Australia, Korea, Germany, Canada, the United States and Europe. These partnerships are not simply sources of capital; they reflect a shared recognition of the strategic importance of diversified rare earths supply and the enduring role Nolans can play in that supply chain.

We are grateful for the support of foreign governments and financiers, and recognise the extensive support extended by the Australian Government to move Nolans forward and ensure Australia develops a globally competitive rare earths industry as our own. We acknowledge the responsibilities we have as an organisation to the Australian Government, to our lenders, and to the Australian taxpayers, recognising the financial commitments have been made with a commercial imperative in mind. The debt is expected to be repaid; the equity is expected to produce a return.

The Board and management team are focused on delivering Nolans to plan and unlocking the asset's full potential, creating long term value for shareholders. Disciplined execution will be central to this next phase: managing risk, maintaining capital discipline, progressing operational readiness and building the operational capability required for a project of this scale and significance.

Our values underpin everything we do – they guide the decisions we make, the way we operate and how we approach delivery of the Nolans Project. They keep us focused on what is most important and assist us in defining what sustainable delivery and responsible mining and processing operations look like for our business.

We have an opportunity to be a catalyst in helping to transform Australia's rare earths sector as well as establishing the Northern Territory as a central processing and logistics hub through vital collaboration between government, industry, and local communities. We are committed to positively impacting the communities where we live and work, deeply respecting that our social licence to operate is essential for a sustainable value proposition.

In the spirit of true codesign, we are working closely with our Traditional Owners, local communities, the Central Land Council, governments and key stakeholders. We recognise the responsibility that has been entrusted to us: to develop Nolans safely, responsibly and in a way that creates meaningful employment, local capability and sustainable community development. We are planning with our Traditional Owners and local communities, not just for them.

While near-term market conditions remain dynamic, the long-term demand fundamentals for rare earths remain intact and, if anything, have been reinforced by current conditions. Demand for NdPr and other magnet rare earths continues to be driven by electrification, offshore wind, advanced manufacturing, defence, robotics, automation and digital technologies. Independent industry outlooks continue to point to sustained growth in permanent magnet demand through the decade, with secure, responsibly produced non-Chinese supply increasingly valued by customers and governments alike. Nolans has been designed for this long-term opportunity, not simply to respond to today's market conditions.

As nations build resilient and independent supply chains, the balance of power is tilting. The next decade will be defined not just by who innovates fastest—but by who can capitalise on these raw materials that make innovation possible.

This sector has endured significant challenges over the past three decades and collectively we have faced adversity head on. I want to acknowledge the people whose long-term commitment has helped bring Arafura to this point, including Peter Sherrington, Kelvin Hussey, Jeremy Grose and Alex Elliott, as well as many others across the organisation and among our partners who have remained steadfast in their belief in Nolans. Their perseverance, technical capability and commitment to responsible development have been instrumental in creating the foundations from which we now move forward.

As we move beyond FID, our focus is clear: execute with discipline, maintain a resilient capital structure, commence construction and build a business capable of creating enduring value. The external environment has only strengthened the strategic imperative for diversified, transparent and standards-based rare earth supply chains, and Arafura is now positioned to deliver on that responsibility.

On behalf of the Board, I thank our shareholders, customers, financiers, government partners, Traditional Owners, communities and our people for their continued support. We are proud of the responsibility entrusted to us and excited by the opportunity ahead. Together, we are building a company designed to create long-term value and to play a defining role in the world's transition for decades to come.

Sincerely

Mark

Mark Southey
Chair

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Managing Director's review

Dear Shareholders,

Financial year 2026 was a year of delivery for Arafura.

Nolans is one of very few advanced rare earths projects globally positioned to deliver separated NdPr oxide to the rest of the world. In FY2026 our Company became stronger because we executed with discipline: we delivered on the funding strategy, advanced customer offtakes and established the organisational foundations required to deliver Australia's first integrated ore-to-oxide rare earths processing operation.

FY2026 did not simply reinforce the strategic importance of rare earths; it tested whether Arafura could keep progressing in a difficult market where many rare earth projects globally were in pursuit of support whether that be Government, debt, offtake or equity. By advancing funding, project readiness, customer engagement and organisational capability, we strengthened the platform required to move Nolans from development towards delivery.

At the top of the list of recent achievements was securing a $200 million investment commitment from the National Reconstruction Fund Corporation for the development of Nolans. This commitment followed the finalisation in July 2024 of senior debt facilities for the Nolans Project financing, comprising US$775 million in conditional commitments from export credit agencies and commercial lenders. Together, these milestones provide the foundation for a capital structure designed to balance strategic government support, customer alignment and private-sector investment.

Since the NRFC announcement, our focus has remained on completing the equity and offtake components required before making a Final Investment Decision. We have been deliberate in pursuing cornerstone investors who can add more than capital: partners who recognise the strategic value of Nolans and can help support resilient, diversified rare earths supply chains.

Through FY2026 Nolans was appraised and approved for equity investment from the German Raw Materials Fund and Australia's Export Finance Australia, with equity subscription agreements executed in May 2026. Germany's investment is closely aligned to the delivery of rare earth products to German partners and with Germany's broader objective of securing critical raw materials for industry. Meanwhile, EFA's consideration reflects the role Nolans can play in advancing Australia's critical minerals ambitions and in building secure, standards-based supply chains with international partners.

Taken together, NRFC's commitment, EFA's commitment and the GRMF equity support demonstrates that our funding pathway is increasingly aligned with government and customer priorities. The objective is not simply to raise capital, but to assemble a structure that protects long-term project value and supports a resilient alternative rare earths supply chain.

For that reason, we have continued to prioritise quality of capital over speed alone. The right outcome must be durable, appropriately risk-shared and capable of supporting Nolans through construction, commissioning and steady-state operations.

FY2026 also showed the strength of the partnership model around Nolans. Strategic customers, financiers, governments and regional stakeholders are engaging with a common purpose: to support the development of reliable, transparent and diversified rare earths supply.

The global context remains important. Export controls and intervention by major governments over the past 12 months underlined the risks of concentrated supply and the growing policy focus on critical minerals. For Arafura, the lesson is clear: strategic relevance must be converted into practical progress through funding, offtake, approvals, partnerships and delivery readiness.

Recent policy developments in the United States and Australia demonstrate that governments are increasingly prepared to use investment, price-support mechanisms and strategic reserves to accelerate new supply. While these shifts are encouraging, our focus remains on the actions within our control: completing the funding package, maintaining project discipline and positioning Nolans as a key participant in an emerging globally diversified supply chain.

Customer momentum also advanced during the year, with Arafura adding Traxys Europe SA, Traxys North America and an Indian customer to existing offtake partners. This broadened customer base strengthens market validation for Nolans, as we look to play a leading role in the transition and utilisation of independent, transparent and market based rare earths pricing systems through the adoption of seaborne indexes. In doing so, Arafura is helping to build the market infrastructure that will support a resilient rare earths supply chain. We will continue to be selective, prioritising counterparties that can contribute strategic value as well as product demand while playing an active role in shaping the market in which Arafura will operate.

Our partnerships also extend beyond customers and financiers. As we prepare for execution, we are progressing our Engineering, Procurement and Construction Management strategy. Hatch were appointed as the EPCM contractor in October 2025, capitalising on their invaluable knowledge of the Project to drive the safe delivery of Nolans on time and on budget. We look forward to working with Hatch and benefiting from their extensive skill set and project delivery experience. Importantly we look to continually building on already constructive partnerships with Traditional Owners, regional communities and governments, and continuing to strengthen the systems and relationships that will support safe construction and long-life operations.

During the period, we announced two ongoing studies targeting increased recovery of heavy rare earths (HRE's or heavies) and the separation of HRE's respectively. This work reflects our agility in responding to increasing demand for heavies and our continuous-improvement mindset: identify opportunities, test them rigorously, and preserve optionality where it can enhance long-term value.

Operational readiness has remained central to our approach. Our work through FY2026 focused not only on financing, but also on ensuring that the organisation, project controls, commercial arrangements, technical workstreams and governance were ready to transition from development to delivery following FID.

We recognise that stakeholders are eager to see the Company transition into construction and future production. The remaining work is complex, but the path is clearer than it was a year ago.

For our shareholders - like us they are resilient and patient - much of the value creation opportunity now lies ahead, rather than behind us. With only two other ore-to-oxide projects developed over the past 30 years outside of China, the major value inflection point is being in production. As funding and execution risks are progressively addressed through construction, commissioning and ultimately production, the market will increasingly value Arafura not as a developer seeking capital, but as a strategic producer of critical materials.

I would like to acknowledge our people. FY2026 required persistence, focus and resilience across the organisation. Our team continued to advance Nolans through a challenging external environment while maintaining the professionalism, safety mindset and accountability that will define the Company we are building. Their efforts culminated in the Board supporting FID, and reflect for some, decades of ongoing service.

We enter FY2027 with a sharper, more capable organisation and a clear plan for value creation: preserve disciplined execution, deepen strategic partnerships, and commence the safe construction of Nolans – a multigenerational operation that will deliver tangible social, cultural and economic benefits.

On behalf of the team at Arafura, I thank our long-term shareholder's for their unwavering belief in our strategy and those shareholders who have recently participated in capital raising initiatives to deliver a fully funded capital structure. Collectively we recognise Nolans strategic value and together we will deliver this unique rare earths project at a time when it's needed most.

Sincerely

Darryl

Darryl Cuzzubbo
Managing Director

FID Announcement 21 May 2026 - Minister King Press Conference Kings Park.

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About us

The Nolans Project, 135 kilometres north of Alice Springs, is a fully permitted,[1] construction-ready,[2] single site ore-to-oxide project with an anticipated mine life of 38 years. A Phase 2 preliminary study indicates potential to expand production capacity and unlock a downstream processing hub.
The Nolans Project is strategically located in the Northern Territory, accessible to the Darwin-Adelaide Road, Rail to Darwin Port, water supply and natural gas pipeline. All of these attributes position Nolans as a strategic and attractive project, set to deliver on a global stage from the heart of our nation.

Who we are

Arafura Rare Earths Limited is an Australian, ASX-listed company (ASX:ARU) focused on the responsible future production of the rare earths elements Neodymium and Praseodymium (**NdPr**) from its Nolans Project in the Northern Territory.

NdPr is used in ultra strong, high-performance neodymium iron-boron (NdFeB) magnets which are critical in electric vehicles, wind turbines and other modern technologies driving the electrification economy, energy transition and defence systems.

With demand for NdPr anticipated to more than double by 2032, we intend to be a key player in the diversification of the global NdPr supply chain.

We are proud of the role we will play as a leading, responsible provider of rare earths.

[1]The Commonwealth Government approval requires five management plans, three of which have been approved. The final two management plans are subject to future detailed design activities.
[2]Commencement of construction is subject to finalisation and financial close of debt financing facilities and receipt of equity funding sufficient to proceed to construction.

What matters to us

As Arafura prepares to enter a new era of growth, we are working to ensure we have the right operating model and organisational culture to support our ambitions. The Arafura Way has been developed to ensure we have integrated systems, structures and processes in place.

Our visions and values have been designed to ensure they are fit for purpose and reflective of where we are in our growth journey. With an expanded Executive Leadership Team, a refreshed Board and an imminent growth in workforce (post FID), we undertook a comprehensive review which led to refined vision and values for Arafura.

Our vision

Redefining responsible rare earths processing to enable the global energy transition.

Our values

We are intentionally building a culture that drives and future-proofs our success.

That means that our values are so much more than words on a page. They are clearly articulated behaviours that reflect our vision. Behaviours that will guide our mindset and demonstrate our Values in Action every day.

Through behavioural development programs, people and operating process redesign and visual symbols, we have embedded these behaviours throughout the organisation, establishing the foundations for future success.

Figure 1. Arafura's Values in Action

Operations report

Developing the Nolans Project

NdPr – which stands for neodymium (**Nd**) and praseodymium (**Pr**) – is essential for global decarbonisation and advanced technologies. It is primarily used in the production of neodymium-iron-boron (**NdFeB**) magnets, the strongest permanent magnet available today. These magnets are essential for advancing renewable energy technologies such as electric vehicles and wind turbines and enabling technological advancements that impact our daily lives. Increasingly NdPr is being used in robotics and AI technology in addition to electronic devices, medical applications and defence.

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Arafura has established itself globally as a key player in the diversification of the global NdPr supply chain.

The Nolans Project, 135km north of Alice Springs in the Northern Territory, is defined by one of the world's largest undeveloped NdPr resources. With a mine life spanning 38 years, and a valuable phosphoric acid by-product, it is a long-term, strategic operation.

A comprehensive, multi-year metallurgical piloting program and a definitive feasibility study have confirmed the technical and economic viability of the Nolans Project. The single-site, ore-to-oxide processing facility ensures traceability. This positions Arafura as a leading, responsible global provider of rare earths, which are essential to helping the world achieve its net zero ambitions and advanced technologies.

Nolans has obtained all currently required Federal and Northern Territory Government approvals, which allows the Company to commence full construction. These approvals establish environmental and social impact mitigation strategies, and our capacity for rehabilitation.

Spanning a construction period of approximately 37 months, the Project is expected to create more than 600 construction jobs with a further 350 permanent full-time equivalent roles created to support steady state operations. And the opportunities are not limited to developing workforce capability within the region, with the Company committed to a local procurement strategy, developing long-term logistics and supply chain partnerships.

The Oxide Advantage

NdPr is a key ingredient in the manufacture of high-performance magnets, which are essential for the electrification and efficient operation of technologies supporting the global energy transition. These rare earths are strategic enablers and our NdPr oxide will be at the heart of the global energy transition. Our primary customers are global original equipment manufacturers (**OEMs**) and their motor component suppliers in the automotive and renewable wind energy industries.

Our customers are relying on Arafura's product to establish supply chain diversification and resilience. They value environmental, social and governance (**ESG**) best practice and transparency in the extraction and processing of the rare earths. Even against today's standard, the industry is contributing to a legacy of poor ESG performance that has created ESG risks for OEMs delivering products into industry sectors that cannot afford such brand risk exposure. Arafura's ore-to-oxide strategy will set us apart from our peers and establish industry leading standards.

Arafura's business model of ore-to-oxide rare earth production, all at a single site in a tier one jurisdiction, provides the optimal ESG solution. Shipping a high-purity 99.9% NdPr oxide, rather than an intermediate product containing radionuclides, where the majority of which is disposed of as a concentrated waste in a foreign jurisdiction. Arafura's ore-to-oxide processing model ensures improved transparency and traceability over its operations and product origin. In addition, we will be able to reduce shipping volumes, which we anticipate will have a positive impact on our future Scope 3 emissions.

Managing waste streams locally for future rehabilitation activities is important to us. Together with flora management, we aim to return the land in accordance with our post mining land use conditions as agreed with our stakeholders. This also allows us to manage the radionuclides that are naturally occurring in the host ore body, mitigating additional licencing risks and shipment of concentrated volumes to foreign jurisdictions.

With a pathway to net zero mapped out, we are confident in our ability to deliver a traceable and transparent product that has been responsibly sourced to support global net zero outcomes.

Our people

Our people are the driving force behind our success and our ability to deliver on our sustainability aspirations.

In FY2025, significant executive and non-executive director changes were implemented, resulting in the successful formation of an expanded board and new leadership team. Through FY2026 we further strengthened our project execution and operational readiness teams with the expansion of the Owner's Team, the appointment of experienced Chief Operating Officer, Jane Macey and other key roles designed to build out multifunctional organisational capability.

Operations report

Nolans Project update

Through FY2026, Arafura continued to mature the Nolans Project from a construction-ready development into an execution-ready project, providing the foundation for the Board's Final Investment Decision (**FID**) on 21 May 2026 and the transition into project execution.

FY2026 represented a clear step-change in Nolans' maturity. Engineering and project delivery capability were strengthened; operational readiness moved into practical implementation; technology optimisation continued; environmental, social and sustainability systems matured; stakeholder partnerships deepened; and the regulatory framework was progressively embedded into execution planning.

By 30 June 2026, Arafura had moved decisively from project preparation to construction mobilisation, with key site infrastructure reinstated, the Owner's Team being mobilised, local industry engagement commencing and construction targeted for September 2026.

Hatch Appointed as Engineering, Procurement and Construction Management (EPCM) Contractor

Arafura appointed Hatch as the EPCM contractor for the Nolans Project in October 2025. Hatch's appointment builds on a long-standing partnership — Hatch has supported Arafura since 2018, having led the Definitive Feasibility Study (**DFS**), advanced Front-End Engineering Design (**FEED**), and helped define scope and procurement packages that underpin the current execution plan.

Early engagement of Hatch as EPCM contractor, coupled with FID, enabled the efficient ramp-up of site-based construction activity. Over the coming months, the Project will progress through a structured mobilisation and ramp-up phase, as delivery teams, procurement activities, and execution planning are progressively established.

Key Project Information[1]		
Mining and Production		
Mine Life (years)	38	
NdPr Oxide (tpa)	4,440	
SEG/HRE Oxide (tpa)	573	
Phosphoric Acid (tpa 54% P_2O_5 MGA)	144,393	
Realised Product Pricing	Base (US$/kg)	Incentive (US$/kg)
NdPr Oxide price – offtake period	104	130
NdPr Oxide price – LOM	133	163
Financial	Base (US$m)	Incentive (US$m)
Capital Cost		
Pre-Production Capital	998	998
Other Pre-Production Costs and Escalation	106	106
Contingency	87	87
Total	1,191	1,191
Revenue		
Rare Earth Sales Revenue (per annum)	637	717
Phosphoric Acid Sales Revenue (per annum)	77	77
Operating Costs		
Mining Costs (per annum)	(30)	(30)
Processing Costs (per annum)	(154)	(154)
General and Administration Costs (per annum)	(22)	(22)
Product transport, royalties and selling costs (per annum)	(36)	(39)
EBITDA (per annum)	472	549
Post Tax Free Cash Flows (LOM)	10,582	12,488
KPI Analysis	Base	Incentive
Operating Cost US$/kg NdPr	46.4	46.4
Operating Cost US$/kg NdPr net of P_2O_5 credit	31.9	31.9
NPV_8 after tax (US$m)	1,859	2,327
IRR after tax (%)	18.1%	20.1%

[1]Refer to ASX Announcement dated 17 June 2026 'Clarification- Project Economics'

Project delivery

Positioned as the only "shovel ready", single site ore-to-oxide project globally, our early earthworks and ongoing detailed planning and preparation had us well positioned to accelerate the return to on-site activities following an investment decision.

The consolidation of our team through FY2026 has brought about a renewed focus on the refinement and optimisation of the process flow sheet and, where possible, identification of opportunities to advance engineering and design work. This has resulted in the development of a well-defined scope of works.

Project execution capability strengthened materially as the Company progressed the transition to the Hatch EPCM delivery model in October 2025. Engineering, project controls, procurement planning and the Project execution plan advanced in parallel, supporting a more structured and lower-risk pathway into construction.

Our attention through FY2026 has been firmly directed on those activities that were necessary to finalise the funding strategy, manage critical path items, site security and surveillance and activities necessary to meet our ongoing compliance and environmental obligations to maintain good standing.

Prior to FID and the subsequent resumption of activities, attention turned to key site-based services including camp management, with site reinstatement works undertaken.

As part of our operational readiness work, Arafura continued along the pathway to maturing a Safe System of Work, aligning with international and Australian regulatory expectations.

Operational Readiness

Operational readiness transitioned from planning into implementation. The Company progressed its business readiness framework across people, systems, supply chains, logistics, communications, technology and operational processes. Acquisition of the existing Nolans camp provided early access to accommodation and infrastructure, while site-based planning for water, power and communications supported mobilisation.

Priority camp, water and power reinstatement activities have been completed and the available Owner's Team roles have been filled, positioning the Project for the commencement of construction as targeted in September 2026.

The Company has also commenced a gap analysis review for the Nolans Project safety case and its required inputs. This work will provide the outline of the obligations required from the Company and its lead engineer in the two-year period following the lodgement of the Major Hazard Facility Notification once FID is announced.

Technology Development

Technology development remained focused on improving the value and resilience of the Nolans flowsheet. Metallurgical test work progressed opportunities to recover additional dysprosium and terbium from acid purification waste liquor, while Arafura partnered with Clean TeQ Water to assess ion-exchange and alternative separation technologies for heavy rare earths. The work is complementary to the Phase 1 development pathway and provides potential to enhance recovery, product diversity and downstream value without changing the core project strategy.

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 report. No representation or warranty, express or implied is made by Arafura that any forward-looking statement contained in this report 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 annual report (unless otherwise stated). Reliance should not be placed on information or opinions contained in this annual report and, subject only to any legal obligation to do so, Arafura accepts no responsibility to update any person regarding any inaccuracy, omission or change in information in this report or any other information made available to a person, nor any obligation to furnish the person with any further information.

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Operations report

Competent person and compliance statement

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Nolans Project Exploration Results, Mineral Resources and Ore Reserves

The information in this report that relates to Exploration Results was released in the ASX announcement dated 9 March 2020 (Drilling Confirms Deep Extensions to Mineralization) and was completed in accordance with the guidelines of the JORC Code (2012). The information in this report that relates to Mineral Resources was released in the ASX announcement dated 7 June 2017 (Detailed Resource Assessment Completed) and was completed in accordance with the guidelines of the JORC Code (2012). The information in this report that relates to Ore Reserves was released in an ASX announcement dated 16 March 2020 (Major Increase in Mine Life for the Nolans Project) and was completed in accordance with the guidelines of the JORC Code (2012).

Arafura confirms that it is not aware of any new information or data that materially affects the information included in these original market announcements and that all material assumptions and technical parameters underpinning the estimates in the original market announcements continue to apply and have not materially changed. Arafura confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcements.

Mineral Resources

	Tonnes (m)	Rare Earths TREO %	Phosphate P_2O_5 %	NdPr Enrichment %
Measured	4.9	3.2	13	26.1
Indicated	30	2.7	12	26.4
Inferred	21	2.3	10	26.5
Total	**56**	**2.6**	**11**	**26.4**

As announced on 7 June 2017. 1.0% TREO cut-off grade. Numbers may not compute exactly due to rounding. "NdPr enrichment" is the proportion of TREO comprising Nd2O3 and Pr6O11.

The stated TREO grade is based on the sum of the estimated grades for La_2O_3, CeO_2, Pr_6O_{11}, Nd_2O_3, Sm_2O_3, Eu_2O_3, Gd_2O_3, Tb_4O_7, Dy_2O_3, Ho_2O_3, Er_2O_3, Tm_2O_3, Yb_2O_3, Lu_2O_3 and Y_2O_3.

The Mineral Resources were further classified by geometallurgical material types based on logging and analysis. Details of the material classification are contained in the DFS.

Ore Reserves

	Tonnes (m)	Rare Earths TREO %	Phosphate P_2O_5 %	NdPr Enrichment %
Proved	5.0	3.0	13	26.2
Probable	24.6	2.8	13	26.5
Total	**29.5**	**2.9**	**13**	**26.4**

As announced on 16 March 2020. Numbers may not compute exactly due to rounding. "NdPr enrichment" is the proportion of TREO comprising Nd_2O_3 and Pr_6O_{11}.

Mineral Resources and Ore Reserves

The information in this report that relates to Mineral Resources is based on information compiled by Mr Kelvin Hussey, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Hussey was a full-time employee of Arafura Rare Earths Limited as at 30 June 2026, retiring effective from 14 August 2026. Mr Hussey has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hussey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Mineral Resources statement included in the Annual Report is based on, and fairly represents, information and supporting documentation prepared by Mr Hussey. The Mineral Resources statement as a whole has been approved by Mr Hussey. The Mineral Resources statement is issued with the prior consent of Mr Hussey as to the form and context in which it appears in the Annual Report. Further information that relates to the Mineral Resource estimate is available in the Company's ASX Announcement dated 7 June 2017 (Detailed Resource Assessment Completed), which was completed in accordance with the guidelines of the JORC Code 2012 and is available to view on the Company's website, www.arultd.com, and at www.asx.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information in this report that relates to Ore Reserves is based on information compiled by Mr Joel van Anen, BEng (Mining), a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy (**MAusIMM**). Mr van Anen is a full-time employee of TME Mine Consulting. Mr van Anen has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr van Anen consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. The Ore Reserves statement included in the Annual Report is based on, and fairly represents, information and supporting documentation prepared by Mr van Anen. The Ore Reserves statement as a whole has been approved by Mr van Anen. The Ore Reserves statement is issued with the prior written consent of Mr van Anen as to the form and context in which it appears in the Annual Report. Further information that relates to the Ore Reserve estimate is available in the Company's ASX Announcement dated 16 March 2020 (Major Increase in Mine Life for the Nolans Project), which was completed in accordance with the guidelines of the JORC Code 2012 and is available to view on the Company's website, www.arultd.com, and at www.asx.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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.

Corporate Governance and Internal Controls in relation to its estimates of Mineral Resources and Ore Reserves

Arafura has ensured that the Mineral Resource and Ore Reserve estimates stated are subject to appropriate governance arrangements and internal controls. Arafura reports its Mineral Resources and Ore Reserves in accordance with the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the "JORC Code 2012"). The Mineral Resource estimates have been generated by a Competent Person (as defined in the JORC Code 2012) who is an internal employee of the Company and a member of the Australian Institute of Geoscientists. The Ore Reserve estimates have been generated by a Competent Person (as defined in the JORC Code 2012) who is a third-party contractor and a member of the Australian Institute of Mining and Metallurgy (**MAusIMM**). Each Competent Person is experienced in best practices in modelling and estimation methods, and where applicable, has also undertaken review of the quality and suitability of the underlying information used to generate the resource estimations. The Mineral Resource and Ore Reserve estimates follow standard industry methodology using geological interpretation and assay results from samples obtained through drilling.

All Mineral Resource and Ore Reserve estimates that are disclosed by the Company (including the Competent Person report and sign off) are subject to review and approval by the Company's Board of Directors whose qualifications are disclosed in the Directors Report.

ESG Report

Reporting, disclosures and compliance

Arafura's FY2025 Sustainability Report, published on 25 November 2025, provided an updated account of the Company's progress against its core sustainability pillars and demonstrates measurable advances in ESG performance across the Nolans Project.

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Through FY2026, the Company made strong progress in developing systems and processes to align its public climate-related reporting with the Taskforce for Climate-related Financial Disclosures (**TCFD**) framework. As a result of this alignment, the Company has elected to incorporate ESG reporting into this year's Annual Report, in advance of future reporting obligations, and as a result, a separate ESG Report will not be published.

Please refer to the ESG Report on page 20 for further information on the Company's sustainability performance.

Arafura is reporting in FY2026 'with reference to' the Global Reporting Initiative (**GRI**) Standards, with the objective of working towards reporting 'in accordance with' the standards in future as the organisation continues to evolve. GRI is an independent not-for-profit organisation that leads a global multi-stakeholder process to develop and refine rigorous yet practical sustainability reporting. The GRI Standards support organisations to disclose their economic, environmental, social and governance performance. Established in 1997, the GRI Standards provide a framework for transparent and comprehensive sustainability reporting, helping stakeholders to evaluate sustainability efforts and promoting accountability and transparency in businesses worldwide.

Arafura's sustainability disclosures and GRI Index are presented in a separate, downloadable spreadsheet on our website - refer to "Data Tables" - with disclosures reported against each of our eight sustainability elements.

Table 1. Alignment of Arafura's material topics and sustainability elements to GRI disclosures and the United Nations' Sustainable Development Goals.

Material topic/s	Arafura sustainability element	Relevant GRI disclosure	UN SDG
Economic impacts	Responsible Business Practices	• GRI 2 General Disclosures • GRI 201 Economic Performance • GRI 202 Market Presence • GRI 203 Indirect Economic Impacts	8 Decent Work and Economic Growth; 16 Peace, Justice and Strong Institutions
Climate change	Climate Change	• GRI 302 Energy • GRI 305 Emissions	7 Affordable and Clean Energy; 11 Sustainable Cities and Communities; 12 Responsible Consumption and Production; 13 Climate Action
Water & effluents, Waste, Air emissions, Tailings	Environmental Management	• GRI 303 Water and Effluents • GRI 306 Waste	6 Clean Water and Sanitation; 15 Life on Land
Occupational Health & safety	Health and Safety	• GRI 403 Occupational Health and Safety	3 Good Health and Well-Being
Diversity & equal opportunities	People and Culture	• GRI 404 Training and Education • GRI 405 Diversity and Equal Opportunity, • GRI 406 Non-discrimination	5 Gender Equality; 8 Decent Work and Economic Growth; 10 Reduced Inequalities
Supply chain management[1]	Supply Chain	• GRI 204 Procurement Practices • GRI 308 Supplier Environmental Assessment • GRI 414 Supplier Social Assessment	8 Decent Work and Economic Growth; 12 Responsible Consumption and Production
Indigenous people & participation, Cultural heritage	Indigenous Partnerships	• GRI 411 Rights of Indigenous People	10 Reduced Inequalities; 16 Peace, Justice and Strong Institutions
Local community inclusion	Stakeholders and Communities	• GRI 413 Local Communities	11 Sustainable Cities and Communities

[1]Material topic assessment revised classification to non-material for FY2026

Note: The content of this publication has not been approved by the United Nations and does not reflect the views of the United Nations or its officials or Member States. https://www.un.org/sustainabledevelopment

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ESG Report

Our commitment to sustainability

Sustainability remains central to our decision-making and activities as we transition into construction and development of the Nolans Project. Guided by our eight sustainability elements, we are committed to demonstrating Arafura's Values in Action approach: Care; Collaboration; Commitment; Courage; and Curiosity. Delivering long-term benefits for people, communities and environments remain at the heart of what we do, embedding responsible practices across every aspect of our organisation.

Our path forward

Sustainability remains central to how we will deliver the Nolans Project; from governance and climate resilience to partnerships and community development, we are laying the groundwork for a project that is trusted, enduring, and beneficial for generations to come.

Environmental Management

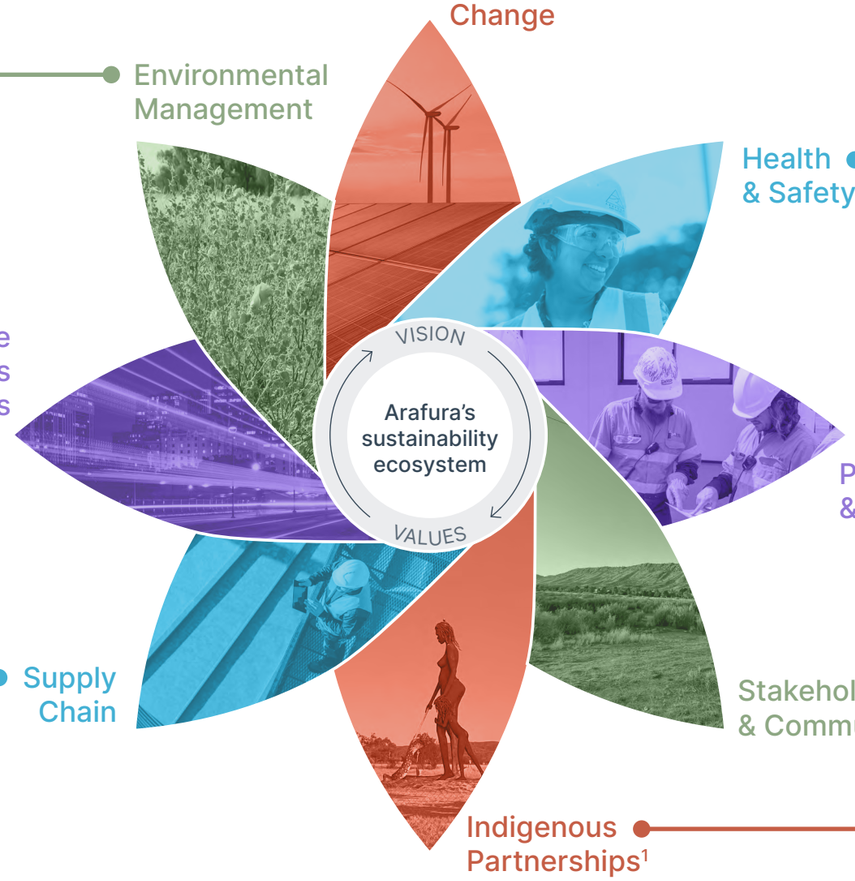
Environmental and Social Management Systems (**ESMS**) to meet lender expectations.

Responsible Business Practices

Appropriate governance and ethics frameworks aligned to international standards

Supply Chain

A transparent, sustainable supply chain prioritising local opportunities and promoting responsible sourcing



Climate Change

Operational emissions were reduced to 43 tCO_2e from 70.9 tCO_2e in FY2025. Commitment to net zero by 2050[2]

Health and Safety

The health, safety and wellbeing of our people is a priority.

Developing a mature Safe System of Work.

People and Culture

Building an agile, innovative and inclusive culture where psychological safety drives diversity of thought.

50% female representation on the Executive Leadership Team.

Stakeholders and Communities

Authentic engagement respecting each unique role our different stakeholders play in the ecosystem.

Indigenous Partnerships

Partnering with our Traditional Owners in the true spirit of codesign.

[1]Image: 'Anmatjere Woman and Child' sculpture, Mark Egan, December 2008

[2]Refer to ASX Announcement dated 31 January 2023 - Greenhouse Gas Emissions Reduction Pathway

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ESG Report

Message from the Chair of the Sustainability Committee

Dear readers

As Chair of the Sustainability Committee, it is a privilege to reflect on another defining year for Arafura as we progressed from preparation towards execution and continued to embed sustainability as a core business discipline. FY2026 has reinforced that responsible development is not separate from project delivery; it is fundamental to how we build trust, manage risk and create enduring value for our people, partners, customers, communities and shareholders.

The global context in which we operate has continued to shift rapidly. Critical minerals, and rare earths in particular, remain central to the energy transition, advanced manufacturing, defence capability and economic security. At the same time, concentrated supply chains, changing trade settings and increasing geopolitical competition have exposed continuing vulnerabilities. These conditions underline the strategic importance of establishing a diversified, resilient and transparent global rare earths supply chain.

Arafura is well positioned to contribute to that diversification as a responsible producer of the critical minerals essential to the global transition. Our ore-to-oxide strategy at Nolans is designed to create a more integrated and accountable supply pathway, reducing unnecessary material movements, supporting future Scope 3 emissions benefits and enabling waste and rehabilitation obligations to be managed locally over the life of the Project.

During FY2026, the Company advanced a number of milestones that demonstrate the increasing maturity of Nolans. These included the announcement of a Final Investment Decision in May 2026, the transition towards project execution, preparation for construction, the Northern Territory Government's declaration of Nolans as the first Significant Project under the Territory Coordinator Act 2025, and continued progress on procurement and local industry participation. Together, these developments strengthen the foundation for responsible delivery and long-term regional benefit.

Our sustainability approach remains guided by Arafura's eight sustainability elements, which are informed by globally recognised frameworks and tailored to our business, our stage of development and the expectations of stakeholders. We continue to report with reference to the GRI Standards and align our work with the United Nations Sustainable Development Goals and the United Nations Global Compact reporting framework. This approach helps ensure our decision making remains transparent, disciplined and focused on outcomes.

The requirements of global lending facilities and international project finance standards remain an important benchmark for our performance. The Environmental and Social Due Diligence undertaken for Nolans, and the ongoing Environmental and Social Action Plan, provide a practical framework for aligning with the Equator Principles IV, the IFC Performance Standards and relevant World Bank Group Environmental, Health and Safety Guidelines. As we move further into execution, these standards will continue to shape our systems, controls, monitoring and independent review processes.

Financing and strategic partner support during FY2026 also reflected the growing recognition of Nolans' role in strengthening secure and responsible supply chains. The execution of cornerstone equity subscription agreements with Export Finance Australia and the German Raw Materials Fund, convertible note documentation with the National Reconstruction Fund Corporation, and continued offtake momentum with customers seeking transparent and independent pricing mechanisms all reinforce the importance of responsible supply in a changing market.

Our responsibilities begin close to home. We remain committed to working with the Anmatjere People, the Central Land Council, pastoral interests, local businesses and communities across Central Australia and the broader Northern Territory. The execution of a Compensation Deed with the pastoral lease holder, continued preparation for workforce and community development programs, and procurement engagement through local roadshows and industry capability channels reflect our commitment to planning with communities and building pathways for lasting participation.

Environmental stewardship remains equally central to responsible delivery. Climate change continues to be a high priority for Arafura, and our commitment to achieve net zero by 2050 is supported by our Greenhouse Gas Emissions Reduction Pathway[1]. As we progress into construction, our focus will be on implementing the systems required to manage water, biodiversity, radiation, waste, tailings and rehabilitation obligations in line with approvals, stakeholder expectations and international good practice.

Looking ahead, FY2027 marks an important transition from readiness to delivery. The opportunities are significant, but so too are the responsibilities and vulnerabilities that come with building a new supply chain in a complex global environment. Our task is to remain disciplined, transparent and values-led: protecting our people and environment, strengthening community outcomes, meeting the expectations of global lenders and customers, and delivering the rare earth products that will help power the technologies of tomorrow.

Sincerely

Cathy

Cathy Moises
Chair, Sustainability Committee

[1]Refer to ASX Announcement dated 31 January 2023 - Greenhouse Gas Emissions Reduction Pathway

ESG Report

Our approach to sustainability

Arafura's eight sustainability 'elements' describe and guide our approach to sustainability. Informed by globally recognised sustainability frameworks, our vision and values sit at the heart of these elements, guiding our decision making.

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Material Topics assessment

Arafura's material topics are shown in Figure 2. As the Company progressed toward project execution phase post FID, including construction and subsequent commissioning and ramp-up towards nameplate operations, Arafura commissioned an updated Material Topics Assessment in accordance with GRI Standard 3: Material Topics 2021.

The Company conducts materiality assessments to identify sustainability impacts, understand the priorities of key stakeholders and helps to uncover sustainability opportunities, the outcomes of which were taken into consideration when developing this report.

The assessment process involved engaging stakeholders – including customers, lenders, investors, suppliers, communities and Traditional Owners – to assess the importance of ranking 24 sector-specific topics aligned to GRI Standard 14: Mining Sector. The assessment involved an iterative process of reviewing impacts across all topics ensuring consistency in severity scoring and refining the weighting applied to stakeholder importance based on their influence on, and the extent to which they are impacted by Arafura's activities. The Company identified and evaluated 57 actual and potential impacts associated with these topics for severity based on their scope, scale and irremediability. The resulting importance to stakeholders and significance of environmental, social and economic impacts were combined to form the updated Material Topics Matrix. The related GRI disclosures, key United Nations (**UN**) Sustainable Development Goals (**SDG**s) have also been identified for each topic and are mapped against the eight elements.

Changes to our material topics

There are 11 topics now identified as 'material' to Arafura and our stakeholders, with a further eight designated as 'watch topics' for potential future materiality. All topics are influential in the Company's approach to sustainability. Three topics – Tailings, Cultural Heritage and Air Emissions – have been newly identified as material, while Supply Chain Management, Governance, Ethics & Transparency and Employee Engagement are now classified as non-material, reflecting changes in stakeholder priorities, the assessed significance of impacts or addressed as a component of other material topics.

'Supply Chain Management' has been removed as a standalone material topic; the associated risks, opportunities and impacts are now addressed through the newly defined topics of Child Labour, Forced Labour and Employment Practices, which are currently assessed as non-material. Similarly, 'Governance, Ethics & Transparency' has been divided into Freedom of association & collective bargaining and Anti-corruption, both currently non-material based on Arafura's operational context and low-risk supplier base. Although non-material, these human-rights-related topics remain actively managed and are addressed in a dedicated section of the report to meet lender and investor due-diligence requirements and to comply with Australian law. 'Employee Engagement' has been removed as a discrete topic, with its focus on training and education now distributed across Local Community Inclusion, Occupational Health & Safety and Employment practices.

United Nations' Sustainable Development Goals

Arafura remains committed to aligning our practices with the UNs' SDGs and continued as a participant in the **UN Global Compact** in FY2026. We are confident we can contribute to many of the 17 SDGs. Within this report, we identify where they play a role in guiding our sustainability deliverables and outcomes. Table 1 on page 19 provides a summary of their relevance to each of our eight elements.

Environmental and social due diligence of the Nolans Project

In the first half of FY2024 Tetra Tech Coffey were appointed as an Independent Environmental and Social Consultant (**IESC**), to conduct an Environmental and Social Due Diligence (**ESDD**) assessment of the Nolans Project on behalf of project lenders. The ESDD assessment was an essential requirement for obtaining project finance credit approvals from the global lender group, comprising export credit, government agencies and commercial banks.

The ESDD was completed against the following internationally recognised standards:

- International Finance Corporation (**IFC**) Performance Standards
- Equator Principles IV (**EP4**)
- Global Industry Standard on Tailings Management (**GISTM**)

Specific project lender ESG requirements were also addressed during the ESDD, resulting in the development of an Environmental and Social Action Plan (**ESAP**) with corrective actions aligned to international standards, best practice and Australian regulatory requirements.

Delivery of the ESAP corrective actions has been a top priority for Arafura in FY2026 in advance of construction and will continue to be a focus through FY2027. Regular engagement with the IESC is being maintained with all actions addressed and presented for final assessment and close out.

As the Company progresses to construction, Arafura will be required to demonstrate ongoing compliance with the ESAP – to the satisfaction of the IESC and the lenders – as a condition of the Project finance facilities.

Most importantly, the Company acknowledges the expected social and environmental performance benefits to be realised from implementing processes, systems and procedures to the levels required by these standards. Ultimately, these are expected to generate positive outcomes for the Nolans Project and its stakeholders, across the breadth of our eight elements of sustainability.

Links to relevant materials:

- ***UN Global Compact - Arafura Submissions***

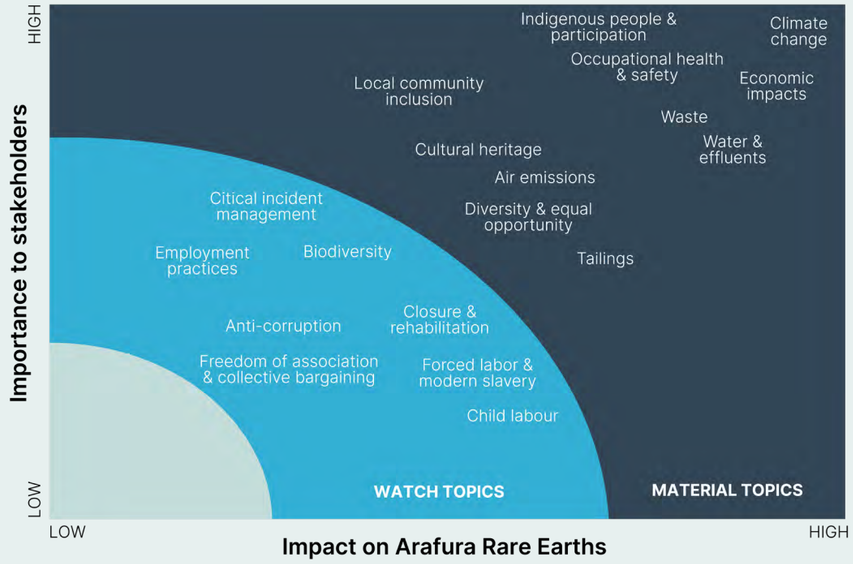

Figure 2. Arafura's materiality matrix presents the issues in two dimensions: their importance to our stakeholders and their likely impact on our business

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Responsible Business Practices

At Arafura, our aim is to be a global leader in the responsible mining and processing of rare earth products. Responsible business practices and strong governance are foundational to our operations and business strategies. This ensures we're operating responsibly and sustainably, delivering value to our stakeholders.

We understand that strong governance is the cornerstone of a successful and sustainable business. As we evolve from explorer to developer, an embedded governance culture – and effective implementation and maturation of our governance processes – continues to be our priority.

We conduct our business in accordance with our governance framework, along with the laws and regulations of the jurisdictions in which we operate. Governance plays a critical role in our decision-making processes, guiding responsible operations and supporting compliance with regulations and strong risk management practices. We also review the governance of any external stakeholders we engage, including our offtake partners, project financiers and consultants and suppliers.

Our governance structure and processes cascade from our Constitution and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (fourth edition, released on 27 February 2019). This establishes our governance requirements and how the relationship between the Company, our Board of Directors and our shareholders is directed and controlled. Although the Principles and Recommendations remain consistent over the years, the Company constantly reviews its business practices to ensure continuous improvement and development, while also considering application throughout construction and operational phase of the Project lifecycle.

In line with our corporate annual reporting processes, the Company has released an annual Corporate Governance Statement. The statement outlines our approach to corporate governance practices and how we perform against each recommendation, with an 'if not, why not' approach.

Strong governance for operational readiness

The Board recognises the importance of a strong and well-developed corporate governance strategy and plan. Relative key performance indicators (**KPI**s) will be critical to building the foundations of a world-class operating entity. Key performance indicators are set for each executive leadership team member and cascaded throughout the business to ensure they remain relevant to every role in the Company.

Arafura's Values in Action (**AViA**) framework has been embedded throughout the organisation. A Companywide development program building the foundational mindsets required to demonstrate our Values of Courage and Curiosity was run during the year and will continue through FY2027.

The internal Policy Working Group continued to develop and refine the relevant policies required to prepare the business for safe, lawful, responsible and ethical operations. Policy development is a continuous process with policies reviewed and streamlined through the lens of the AViA framework; where policies have been framed from a values perspective to ensure alignment to our desired culture.

As the Company prepares for execution and future operations, we are mindful of building a long-term workforce that reflects community demographics, establishing a culture of inclusion through an integrated People Plan. Arafura aims to have Board and Executive roles comprising of at least 40% men and 40% women by 2030 and will commence reviewing appropriate measurable objectives for achieving this.

Our suite of governance documents promotes transparency, integrity, accountability and financial responsibility from our people. These documents include our: Code of Conduct; Anti-Bribery and Corruption Policy; Inclusion and Diversity Policy; and our Whistleblower Policy. These are available on our website and employment management platform. New employees are required to review and acknowledge understanding of such policies and procedures, and existing employees and contractors are prompted to review and re-acknowledge them annually via our employee management platform.

Our corporate governance framework and structure

Our Board oversees the implementation of Arafura's governance framework. To provide strategic guidance and oversight of crucial business areas, the Board operates four standing committees that work in partnership with the senior leadership team. The Board and Executive Leadership Team (ELT) have worked together effectively over the year, refocussing each Board and committee meeting to ensure appropriate coverage of strategic, operational and governance matters.

Aligned SDGs

The Board participated in an externally run annual review, reflecting a commitment to continuous improvement and integrity. The assessment focuses on the overall performance of the Board and ELT, including functionality, Director's skills and how those skills align with Arafura's immediate requirements compared to the prior year.

In FY2026, the Board's focus was on the forward-looking strategic review of targeted key focus areas, building on the key themes identified in FY2024 and FY2025. Subsequent reviews have determined the previously identified themes still remain relevant and are the key priorities of the business.

Project finance, equity and offtake

Sustainable finance remains critical to supporting the transition to a low-carbon economy. The establishment of a Green Loan Framework (**GLF**) aligns to the Company's financing strategy with offtake, sustainability and climate change related objectives. The GLF is based on the Green Loan Principles jointly issued by the Loan Market Association, Asia Pacific Loan Market Association and the Loan Syndications and Trading Association.

Disclosures relevant to the Responsible Business Practices element can be found in a separate, downloadable spreadsheet on our website - refer to "Data Tables".

Links to relevant materials:

- *Corporate Governance Statement*
- *Board of Directors*
- *Anti-Bribery and Corruption Policy*
- *Code of Conduct*
- *Disclosure Policy*
- *Inclusion & Diversity Policy*
- *Risk Management Policy*
- *Securities Trading Policy*
- *Shareholder Communication Policy*
- *Statement of Company Values*
- *Whistleblower Policy*

Environmental and Social Management System

In FY2026, the ESMS evolved with a focus on practical implementation ahead of the commencement of project construction activities. The ESMS remains aligned with the Equator Principles (**EP4**), IFC Performance Standards, and ISO 14001:2015 requirements. Key social impact management documents were progressed, and environmental and social commitments were further integrated into the Compliance Management System, strengthening governance, risk management, and compliance.

The ESMS provides a single framework for managing environmental and social performance across the Nolans Project. Based on a Plan-Do-Check-Act approach, it supports risk management, implementation of controls, performance monitoring, and continual improvement, ensuring effective environmental and social stewardship is tested for effectiveness over time – and that valuable opportunities can be realised.

Our disclosures regarding ethical and lawful behaviour can be found in a separate, downloadable spreadsheet on our website - refer to "Data Tables".

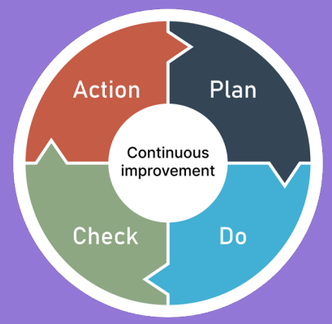

Figure 2. Approach to continuous improvement

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Responsible Business Practices *cont.*

Senior loan facilities secured are eligible green facilities under the GLF, assisting Arafura's access to capital and liquidity from commercial lenders (provided proceeds are used to fund expenditure that supports the transition to a low-carbon economy, whilst aligning with Arafura's sustainability and climate change objectives). Accordingly, proceeds secured under the GLF are eligible for funding of capital expenditure dedicated to NdPr Oxide extraction and processing at Nolans for supply to wind turbine and electric vehicle industries.

Governance measures contained within the GLF ensure compliance with applicable sustainability standards and regulatory requirements and management of proceeds, and will be overseen by the Board's Sustainability Committee. Annual reporting on fund allocation and impacts will be prepared until full allocation of any green loan proceeds have been applied. Reporting under the GLF will be subject to external review.

A second-party opinion of the GLF was prepared by ISS Corporate Solutions in July 2023. This provided a positive sustainability assessment of the Nolans Project. It also confirmed alignment of the GLF with Green Loan Principles and that the rationale for issuing green loans is consistent with Arafura's sustainability objectives.

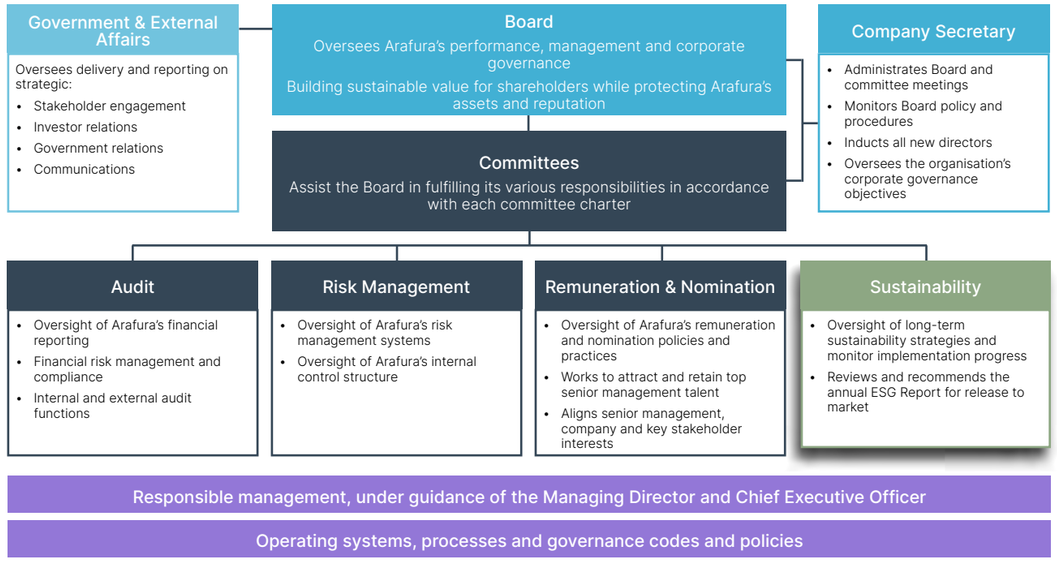

Figure 3. Arafura Rare Earths Limited corporate governance structure

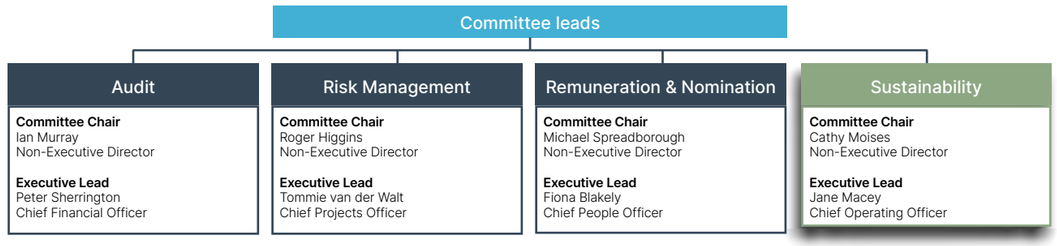

Figure 4. Committee leads

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Climate Change

The Nolans project will play an important role in the green energy transition by providing a reliable supply of the rare earth products essential to the production of electric vehicles and wind turbines. We also take seriously our responsibility to minimise the climate impact of our activities, and to manage the impact of climate-related risks on our business.

Introduction

Arafura is committed to responsibly mining and processing the rare earth elements that are fundamental enablers to the global energy transition, including electric vehicles and wind turbines. It's a role that is taken seriously and is why the Company has developed an emissions reduction pathway, targeting net zero emissions by 2050.

Climate Change disclosures were first mapped in accordance with the Australian Accounting Standards Board (**AASB**) sustainability standard, AASB S2, in FY2024, and have been built on through both FY2025 and FY2026. Aligning fully with AASB S2 is a multi-year undertaking. Mandatory reporting under the new Australian legislation is still some years away for Arafura, with the breadth and depth of these disclosures expected to grow as the Project advances.

The Company refreshed the Material Topics assessment, set out in the 'Our approach to sustainability' section. Once again Climate Change was confirmed as a topic that matters to both Arafura and its stakeholders. The following disclosures are aligned to the main disclosure headings as prescribed in AASB S2.

Governance

Oversight of climate-related risks and opportunities is the responsibility of the Board's Sustainability Committee (see 'Responsible Business Practices' section), which in turn reports to the Arafura Board. Day-to-day executive accountability lies with the Chief Operating Officer, who draws on the expertise of Arafura's climate and energy specialists to carry out the assessment and mitigation work throughout the year.

Strategy

Our governance arrangements make us well positioned to spot shifts in the climate-related landscape that could call for changes to our broader business strategy. Our starting point was a whole-of-business review of Arafura's climate-related risks and opportunities, completed in FY2024, which examined both physical and transition risks.

That initial work showed our exposure to physical risk is contained: the Nolans Project is designed to withstand a harsh and extreme environment, so infrastructure designed for present-day conditions can largely cope with more severe future weather. Transition risks, by contrast, tend to move more rapidly – fuel price volatility is one example – and we keep these under watch for any bearing on our emissions reduction pathway or other aspects of our business model.

Targeting net zero by 2050[1] and full regulatory compliance remain the anchors of our climate-related strategy. Decarbonisation planning is therefore a substantial and continuous part of our work. We have recently re-confirmed that renewable electricity, together with concentrated solar thermal and thermal energy storage firmed by gas, remains the most cost-effective emissions reduction pathway for the Nolans Project. We have also developed the capability to revisit that pathway as new information emerges, for example new cost inputs or advances in abatement technology. The cost of emissions reductions is integrated into the Nolans Project financial model.

Risk management

Climate-related risks and opportunities are embedded within Arafura's enterprise-wide risk and opportunity management process. This arrangement was formalised in FY2025, with the highest-priority risks escalated to the enterprise risk register. Our climate-related risk assessment was revised in FY2025 and FY2026 and confirmed that the escalated risks remain valid. The Company will complete a full re-assessment of risks should the external environment shift markedly or the design or scope of the Nolans Project change.

In practice, our handling of climate-related risk involves:

- Regular reviews of climate-related risks and opportunities that take account of our maturing business and project planning, bringing together cross-functional Arafura and project personnel to assess any developments that could affect the safe performance of the Nolans Project.
- Drawing on the physical risk modelling first quantified with SLR Consulting in FY2025 to evaluate the impact of newly identified or updated risks and opportunities.
- Continuing analysis of our emissions reduction pathway, which can highlight emerging transition related risks and opportunities (for example, changing fuel or carbon offset price forecasts).

Aligned SDGs

Metrics and targets

Arafura remains committed to achieving net zero emissions by 2050. Our voluntary target is a linear reduction in net emissions from our first year of nameplate capacity operations to net zero by 2050. In practice, our Safeguard Mechanism obligations are expected to require net emissions below the level of this voluntary target.

Decarbonising a heavy industry such as rare earth processing is an economically challenging task. We expect to use some high-quality carbon offsets in addition to the direct emissions abatement described in our Greenhouse Gas (**GHG**) Emissions Reduction Pathway (refer ASX release dated 31 January 2023). To achieve our net emissions reductions, we may purchase either Australian Carbon Credit Units (**ACCU**s) or Safeguard Mechanism Credits (**SMC**s).

[1] *Refer to ASX Announcement dated 31 January 2023*

Disclosures relevant to Climate Change can be found in a separate, downloadable spreadsheet on our website - refer to "Data Tables".

Links to relevant materials:

- ***ASX Announcement - Greenhouse Gas Emissions Reduction Pathway (31 January 2023)***
- ***ASX Announcement - Arafura commits to sustainable supply of rare earths (17 May 2021)***

Greenhouse Gas reporting

Arafura and Nolans Project Scope 1, Scope 2 and Scope 3 emissions, calculated under the GHG Protocol, are set out in a separate, downloadable spreadsheet on our website - refer to "Data Tables". Scope 1 covers fuel use (unleaded petrol and diesel) for transport and stationary energy generation, such as diesel in generators; Scope 2 covers electricity bought from an independent provider for use at Arafura's facilities; and Scope 3 covers business travel, including trips to site from the Perth head office and travel to meet suppliers, investors, customers and other stakeholders.

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Environmental Management

At Arafura, we are committed to creating a lasting legacy through the responsible development of the Nolans Project. We seek to deliver long-term social and economic benefits for communities while carefully managing and minimising environmental impacts. Through robust environmental management and continuous improvement, we strive to protect environmental values and ensure our activities contribute positively to the region over the life of the Project and beyond.

In FY2026, we continued to mature our ESMS, focusing on practical implementation ahead of the recommencement of project activities. The ESMS remains aligned with the EP4, IFC Performance Standards, and ISO 14001:2015 requirements. The Company progressed key social impact management documents while environmental and social commitments were further integrated into the Compliance Management System, strengthening governance, risk management, and compliance.

The ESMS provides a single framework for managing environmental and social performance across the Nolans Project. Based on a Plan-Do-Check-Act approach, it supports risk management, implementation of controls, performance monitoring, and continual improvement, ensuring effective environmental and social stewardship.

Independent reviews by the IESC confirmed ongoing alignment with Australian and international standards, lender requirements, regulatory obligations, and stakeholder expectations, while identifying opportunities for further improvement.

With site reinstatement activities commencing in May 2026 following FID, FY2026 marked a shift from ESMS development to implementation. This provided an opportunity to test the system in practice, confirming its effectiveness in managing environmental and social risks, supporting compliance, and embedding performance requirements into day-to-day operations while informing ongoing improvements and future readiness.

Permitting and approvals

The Nolans Project was assessed by the Northern Territory (**NT**) Environment Protection Authority (**EPA**) in 2017, with the assessment concluding that, subject to the implementation of recommended management measures, the Project could proceed without significant or unacceptable environmental impacts. This assessment was informed by extensive cultural heritage, social and environmental baseline studies undertaken by Arafura since 2006.

On the strength of the NT EPA assessment, and the bilateral agreements between the Northern Territory and Commonwealth, the Project was subsequently approved in 2018 under the Commonwealth Environment Protection and Biodiversity Conservation Act 1999 (**EPBC Act**). A variation to this approval was granted in 2024 to enable staged approval of Environmental Management Plans (**EMP**s) and align with contemporary regulatory requirements. To date, three of the five EPBC Act EMPs have been approved, including the Water Abstraction Management Plan, Biodiversity Management Plan, and Radiation Protection and Radioactive Waste Management Plan (July 2025). These approvals provide the necessary EPBC Act authorisations to commence construction activities, with the remaining plans to be submitted and approved prior to the relevant activities occurring.

During the period, the Company undertook a comprehensive review of the Project's environmental approvals framework to ensure approvals, management plans and compliance obligations remain fit for purpose as the Project progresses towards construction and operations. This work included strengthening alignment between approval requirements and the ESMS, supporting a more streamlined and effective compliance approach.

We also commenced work to support the transition from the existing deemed Mining Authorisation framework to the Environmental Mining Licence (**EML**) framework under the Northern Territory Environmental Protection Act 2019. This transition will provide a contemporary regulatory framework for environmental management of the Project and support ongoing compliance, transparency and continuous improvement throughout the Project lifecycle.

Throughout these processes, we continued to engage regularly and constructively with government agencies in both the Northern Territory and at the Commonwealth level. Engagement has emphasised open communication, timely provision of information and early discussion of proposed management approaches, helping to maintain a shared understanding of project progress, risks and controls.

In addition to the Project's major environmental approvals, other key operational approvals remain in place, including groundwater extraction licences for project water supply and mine dewatering. Together, these approvals provide the regulatory framework for the environmentally responsible development and operation of the Nolans Project.

Aligned SDGs

Monitoring and management

Groundwater

Although the Project sources water from an area of relatively low water stress, protecting groundwater resources and associated environmental and community values remains a priority. Groundwater licences are supported by comprehensive monitoring and adaptive management programs to ensure sustainable use throughout the Project life.

During FY2026, groundwater monitoring continued across the mine site, residue storage facility and bore field areas, strengthening baseline datasets ahead of future abstraction activities. Monitoring included groundwater level measurements, water quality sampling and data logger downloads, providing valuable pre-development data to support future impact assessments and adaptive management.

We also progressed implementation of the Adaptive Management Plan and updated Groundwater Monitoring Program, improving our understanding of groundwater-dependent ecosystems and other groundwater users, and enhancing readiness for future groundwater extraction activities. (Refer to Case Study.)

Looking ahead

In FY2027 we will focus on:

- Embedding the ESMS across EPCM contractor-led activities, ensuring environmental and social requirements are integrated into project planning, detailed design, procurement, construction and contractor management processes.
- Strengthening environmental and social governance through robust compliance assurance, monitoring, reporting and the proactive management of environmental and social risks, obligations and stakeholder commitments.
- Progressing the transition from the existing deemed Mining Authorisation to the Northern Territory Environmental Mining Licence framework, supporting alignment with contemporary environmental regulation.
- Continuing to develop and refine environmental and social management plans, procedures and supporting documentation to reflect evolving project activities, regulatory requirements and continuous improvement outcomes.
- Maintaining proactive engagement with regulators and key stakeholders to support approvals, compliance obligations and the effective implementation of the EML framework as the Project progresses towards full-scale construction.
- Participation in National Science Week, partnering with local Indigenous women to facilitate storytelling sessions and highlight the contributions of women within Arafura's Environment team, helping to promote greater awareness of career pathways in science, environmental management and the resources sector.

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Environmental Management *cont.*

Passive dust and airborne radioactivity

Passive dust and airborne radioactivity monitoring continued across the established gauge network surrounding the proposed mine site, residue storage facility and accommodation village. With limited vegetation clearing undertaken during early works in 2023 and no significant site activities occurring since, the 2023 results continue to represent baseline conditions. This baseline dataset provides a valuable reference point against which future dust and radioactivity levels will be assessed as construction activities recommence.

Biodiversity

Protecting the biodiversity of the bioregion is one of our most important environmental responsibilities. The Nolans Project sits within a landscape that supports a range of native species of conservation significance, and our biodiversity management program is designed to ensure that we understand, monitor and actively manage any potential impacts from our activities, throughout all phases of the Project.

Biodiversity monitoring is conducted under the EPBC-approved Biodiversity Management Plan with results reported to regulators and published in annual compliance reports. In FY2026 monitoring was completed across five programs: weeds, Great Desert Skink, predators and feral animal control, Brush-tailed Mulgara, and interim surveys from Central Australian Rock-wallaby.

These programs extend the Company's long-term baseline monitoring, strengthening understanding of species distribution, habitat use, population trends and ecological condition across the Project area. The data collected is critical for increasing knowledge of protected and conservation-significant species, informing impact assessments, guiding adaptive management measures and providing a robust baseline against which future project-related changes can be assessed.

Environmental reporting

Annual compliance reporting was completed during FY2026 in accordance with regulatory requirements. This included reporting on compliance with approval conditions, licence obligations and environmental management plans relevant to the current stage of the Project. Reports were submitted to the Australian Government under the EPBC Act approval, and to the Northern Territory Government for the Deemed Mining Licence and groundwater extraction licences. These reporting activities provide transparency on the Company's environmental performance, demonstrating a commitment to maintaining compliance with regulatory requirements and stakeholder commitments. All compliance reports prepared during the year are publicly available on the Arafura website.

Disclosures relevant to Environmental Management can be found in a separate, downloadable spreadsheet on our website - refer to "Data Tables".

Links to relevant materials:

- ***Environmental Impact Statement***
- ***Arafura approvals***
- ***Environmental performance reporting***

Scott Walker (SLR Consulting) applying the GDE monitoring toolbox, measuring tree canopy as part of the Nolans Project vegetation health assessment (April 2026).

Scott Walker (SLR Consulting) applying the GDE monitoring toolbox, measuring tree diameter as part of the Nolans Project vegetation health assessment (April 2026).

CASE STUDY

Leaf Water Potential – Listening to Trees at Nolans

The Nolans Project draws groundwater from the Reaphook palaeovalley aquifer, in the Burt Plain bioregion of the Northern Territory. Parts of the surrounding landscape may also rely on this groundwater through deep-rooted native trees. These areas are mapped as potential Groundwater Dependent Ecosystems (**GDE**s), and a key aim of Arafura's monitoring program is to determine whether these ecosystems are truly groundwater dependent or primarily rainfall dependent.

In March–April 2026, Arafura's environmental team, together with subject matter expert Scott Walker of SLR Consulting, undertook a baseline scientific survey across 12 sites spanning a gradient of groundwater depths. The central focus of this work was Leaf Water Potential (**LWP**), a physiological measure of how much effort trees are putting into accessing water.

How Leaf Water Potential is Measured

Leaf Water Potential is measured using a pressure chamber: fresh leaves are placed in a sealed vessel and nitrogen gas is slowly applied until water appears at the cut surface of the leaf stem. The pressure needed for water to emerge, expressed in megapascals (**MPa**), tells scientists how tightly the tree was holding onto its water, the more negative the value, the greater the water deficit; values closer to zero indicate a well hydrated tree.

Two readings are taken:

- **Predawn LWP** (within four hours of dawn), when evaporation is minimal, indicating how much water is available to the root system overnight
- **Midday LWP** (within an hour of noon), during peak heat, showing the maximum daily water deficit and how hard the tree is working to regulate water loss.

By comparing predawn and midday values, the team can see both access to water (soil moisture and/or groundwater) and daily "hydraulic effort".

What the Results Showed

Across all monitored trees – Corymbia opaca (desert bloodwood), Corymbia aparrerinja (ghost gum) and Erythrina vespertilio (bat wing coral tree), predawn LWP ranged from about –0.7 to –1.5 MPa and midday LWP from –1.3 to –2.2 MPa, well within the known healthy operating range for central Australian Corymbia species.

Arafura team and Scott Walker (SLR Consulting) measuring leaf water potential in the field as part of the GDE monitoring program (April 2026).

This means that under current pre abstraction conditions, following an above average wet season, the monitored trees are not showing signs of water stress.

Sites with shallower groundwater (roughly 8.6–14.9 m below ground level) tended to have less negative predawn LWP values, consistent with better overnight access to water and potential groundwater use. Sites with deeper groundwater showed more negative predawn values, suggesting greater reliance on stored soil moisture. However, statistical tests found no significant differences between potential GDE sites and reference sites in either predawn or midday LWP, reflecting both the wet season context and the likelihood that groundwater influence occurs along a continuum rather than as a simple "yes/no" state.

The GDE Toolbox Around LWP

Leaf Water Potential is interpreted alongside a broader GDE monitoring toolbox: soil moisture profiles (showing most plant available water at depth), digital canopy photography (quantifying canopy cover), standardised visual health scores, tree size metrics and groundwater level data from nearby bores. Together, these metrics confirm that vegetation health across the monitored sites is currently stable and provide the context needed to link LWP patterns to groundwater depth and site conditions.

Next Steps

The 2026 LWP results establish a robust physiological baseline before significant groundwater abstraction begins. As operations ramp up, repeat LWP measurements, especially during dry season campaigns, will be critical for detecting early changes in tree water status and for confirming which ecosystems are truly groundwater dependent, long before any visible decline is seen in the canopy.

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Health and Safety

At Arafura, the health, safety and wellbeing of our people is a priority.

During FY2026, Arafura advanced its health and safety capability with the Company focusing on the development of a mature Safe System of Work. In doing so, Arafura will align with internationally recognised standards — including ISO 45001 — and Australian regulatory expectations.

Key activities, progress and achievements (FY2026)

Operational readiness and assurance

Developing and implementing fit-for-purpose controls and monitoring that reflects the evolution of our business is paramount to safety. During the period, the Company:

- Built out incident management and ICAM-based investigation capability — incident reporting standard, investigation methodology and facilitator guidance — enabling events to be investigated to root cause with learnings captured and shared across the organisation.
- Developed and desktop tested crisis management arrangements, including a Crisis Management Plan and supporting response playbooks, and continued engagement with NT emergency services and local stakeholders.
- Work Maintained journey management, remote communication and field safety arrangements — building on the FY2025 upgrades — to support periodic site activities.

Priorities, initiatives and targets (FY2027)

As a maturing and learning organisation, we recognise that our systems and implementation will also evolve. Through FY2027 the Company is prioritising:

- The Nolans Project Safety Case and Major Hazard Facility obligations; and
- The operationalisation of critical-control management, including verification, assurance and performance monitoring.

The Company has developed a balanced framework of outcome (lag) and leading indicators, against which health and safety performance is measured. As activity increases, the leading indicator set will be reported on from FY2027, including the introduction of metrics around critical control verification and assurance — All reflecting our focus on ensuring we continue to be a learning organisation.

Emergency preparedness

Operating in remote communities requires a collaborated approach to effectively integrate with local emergency response frameworks, including the Ti-Tree Local Emergency Committee. Continual refinement and testing of our Emergency Response Plans against construction-phase risks and stakeholder interfaces remains a core activity in protecting our people and our communities.

Disclosures relevant to Health and Safety can be found in a separate, downloadable spreadsheet on our website - refer to "Data Tables".

Links to relevant materials:

- *Environmental Health and Safety at Arafura*

Aligned SDGs

3 GOOD HEALTH AND WELL-BEING

FY2026 Performance

0
Fatalities

0
High-consequence injuries

0
Recordable injuries

159,604
Hours worked
Approximate, during the reporting period

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People and Culture

Arafura is committed to building an agile, innovative and inclusive culture where psychological safety supports diversity of thought. Our vision and values form the core of this culture, enabling high-performing teams to work together for the benefit of all stakeholders.

FY2026 highlights

Introduced the Bar Raiser cultural assessment as part of our selection process for every permanent hire

Launched Ways of Working and personalised Work Life Plans for all team members

Held our first in person onboarding day and our first Owners Team residential development

56% of hires over the last 12 months were women

The culture needed to deliver the Nolans Project was defined in FY2025. In FY2026 the focus was on embedding that culture through key levers of systems, symbols and mindsets and behaviours. We recognise that culture is a key enabler of the Company's vision and a source of advantage as the Company scales toward operations.

Embedding Arafura Values in Action

Arafura's Values in Action (**AViA**) framework of Care, Collaboration, Commitment, Courage and Curiosity, translates our values into the specific behaviours we expect of every person, every day. Through FY2026 we worked systematically to embed these behaviours across our mindsets, systems and symbols, building the foundations for a high-performance culture defined by high trust and high accountability.

We built capability across the organisation in development planning and in giving and receiving feedback, framing feedback as an expression of care rather than criticism and a core enabler of how we learn, perform and hold ourselves to account. We recognise that everyday work is itself an opportunity to grow, supported by a regular rhythm of self-reflection and feedback.

Attracting and selecting talent for cultural alignment

As a growing organisation, attracting value aligned employees with the right mindsets, behaviours and skills is one of the most important activities we will undertake. It starts by listening.

People from across the business, at different levels and stages of their Arafura journey, alongside our external recruitment partner, were interviewed to understand what attracted them to join, why they stay and what makes Arafura a place where they can do their best work.

What emerged is distinctive and authentic to Arafura: the chance to do first of its kind, nationally significant work, with the culture and leadership that backs people to take informed risks, be accountable and discover what they are truly capable of. The Company captured this in an Employee Value Proposition built on three pillars, each grounded in our own people's stories: Go Beyond, Leave a Legacy; Reimagine What's Possible; and Be Bold, We've Got Your Back. Our position descriptions, interview guides and candidate communications are now aligned to this proposition and to AViA.

Gender balance remains a focus as the Company grows. 56% of our hires over the last 12 months were women, and women hold 50% of senior management roles. We are working toward our aspiration of at least 40% women and 40% men across Board and Executive roles by 2030.

Onboarding for belonging and contribution

A values based onboarding journey has been designed to embed AViA from a candidate's first day, so that new starters connect to the Company's vision, the commitments that have been made to our community, the environment and stakeholders, and how their own role contributes to Arafura's success.

Ways of Working and Work Life Plans

Traditional working from home policy was replaced with a trust-based Ways of Working Policy and approach. Every team member now has a personalised Work Life Plan, co-designed with their leader through a conversation about how, when and where they do their best work. This makes the values tangible in daily work, in particular trusting and empowering one another and taking accountability to do what we say we will do.

Ways of Working is designed to deliver a three-way win. For individuals, it is the trust and autonomy to work in the way that is most effective and sustainable for them. For teams, it is intentional agreements about how we collaborate and hold each other to account. For Arafura, it is access to the best talent regardless of location. Building the capability for effective working now broadens the talent reach and strengthens an Employee Value Proposition that goes beyond remuneration. With Work Life Plans introduced for all team members during the year, 86% were complete as at June 2026, against a target of 100%.

Developing the Owners Team

As we build the team that will deliver the Nolans Project, investment was made in the development of our Owners Project Team through a residential development program in March 2026. Anchored in our Values and Systems Leadership, the program focused on building a unified, high performing team with clarity on roles, accountabilities, decision rights and ways of working. This approach will be reviewed through FY2027 with a view to extending it to other teams as the Company grows.

Aligned SDGs

Listening Loops

In FY2026 we introduced TeamGage as a regular quarterly pulse, with the tool redesigned to align directly to our AViA behaviours. TeamGage gives the Company a lived view of culture and the impact of embedding work. Results are reviewed with the Executive Leadership Team each quarter and used to prioritise and adapt our plans. Our most recent pulse during the period returned an average score of 76%, up from 73% in February 2026, with particular strength in people feeling recognised, trusted and empowered, and in respectful challenge being encouraged. Delivering consistently on our commitments is an area of focus as we mature, which is being addressed through our approach to goal setting and a regular rhythm of one-on-one conversations and reviews.

Composition of our workforce

At year end our workforce comprised 45 team members, with 18 women across the organisation and 60% women in the Executive Leadership Team. 2.5% of our workforce identifies as Aboriginal or Torres Strait Islander.

Looking ahead

In FY2027 the Company will continue to embed AViA as it scales its construction activities. Priorities include systematising high performance and onboarding cycles through HRIS, training additional accredited Bar Raiser coaches to support higher hiring volumes, building the Company's careers presence and talent pipelines, and extending the team development approach across the ELT and Operations.

Disclosures relevant to People and Culture can be found in a separate, downloadable spreadsheet on our website - refer to "Data Tables".

Case study

Arafura's commitment to its people: a high trust, high accountability culture that backs them to do their best work.

Built around storytelling and understanding context - stories build culture, and context empowers individuals to make informed decisions and collaborate effectively - An in person onboarding day is now a quarterly experience.

Onboarding days seek to connect people to the who and the why: our vision and the legacy we are building, how the values were created together, funding and the commitments that come with that, responsibility to the communities in which we operate, to Country and the environment, and to the Company's broader stakeholders.

Focus shifts to how the Company will deliver on its commitments, and the mindsets that sit beneath the values. New starters explore the different kinds of challenges the Company will face and how to build the mindsets that support curiosity and courage when work is complex and an industry first.

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Supply Chain

At Arafura, we are committed to guiding our suppliers towards high ethical, social, and environmental standards. Our supply chain strategy places a strong emphasis on sourcing goods and services from businesses local to the Nolans Project, with the aim of maximising economic and social benefits for Alice Springs, the Northern Territory, and Australia.

Local procurement

Supporting local communities

A sustainable supply chain is essential for responsible and effective operations. The prioritisation of local opportunities and promoting responsible sourcing, not only mitigates environmental and social impacts but also strengthens the long-term viability of the Nolans Project with local suppliers bringing their unique insights and capabilities to the Project.

With FID announced on 21 May 2026, strengthening relationships with local businesses is a priority as the Company transitions into project execution. Local procurement is a key contributor to stimulating and supporting local businesses and communities, helping smaller businesses grow and realise future potential, and forms the foundation of the Company's 'buy local first' approach when procuring goods and services.

Whilst it is recognised that, in some instances, suitable local suppliers may not yet be available, non-local suppliers will only be considered once all local options have been thoroughly explored and assessed for alignment with project needs. Where practical, the Company will look to support the development of new suppliers, encouraging national suppliers, major construction partners and service providers to establish a presence in Alice Springs, supporting reinvestment in the Alice Springs community. This approach is designed to ensure local capability and capacity is built out to enable future opportunities.

Transparency and reporting on spend with local and Indigenous businesses will be mandatory. In addition, a comprehensive register of suppliers in Alice Springs and the Northern Territory, including Indigenous-owned businesses will be maintained and intended to be made available to contractors to further support local engagement.

ICN Gateway — Primary Procurement Channel

In partnership with the Industry Capability Network (**ICN**) – Northern Territory, procurement opportunities are promoted through their business engagement portal – ICN Gateway (Gateway). This portal allows suppliers to register their interest and receive notifications about new opportunities. Early project packages were advertised on the Gateway following the announcement of FID, with future procurement and contracting packages for award continuing to be posted on the Gateway - Nolans Project — ICN Gateway.

Suppliers and contractors are encouraged to register their interest through the ICN Gateway to be included in the Project's pre-qualification process and notified when relevant packages are released to market. During this period, selected suppliers will be engaged to confirm capability, capacity, and readiness for upcoming work packages and tender opportunities.

Supplier Pre-Qualification and Due Diligence

Enhanced Qualification Process

The supplier qualification process is now active, with Hatch managing the pre-qualification and screening of potential suppliers and contractors on behalf of Arafura. Packages are dealt with in order of priority, and suppliers are qualified on the basis of:

- Historical health, safety, and quality performance
- Financial stability and criteria
- Past project performance
- Anti-bribery and corruption measures
- Supply chain traceability
- Modern slavery prevention
- Data protection protocols
- Ethical business practices

Emphasis is placed on independent third-party assessments for engagements that require a comprehensive review. From the pool of pre-qualified suppliers, Hatch makes recommendations to Arafura regarding which suppliers proceed to tender, with the Company having appropriate input to ensure alignment to the Company's procurement and sourcing strategy.

Ethical Sourcing

Upholding High Standards

Supply chain transparency is central to our commitment to ethical sourcing. It is expected that all suppliers reflect the Company's core values, formalised through the introduction of a Supplier Code of Conduct that forms part of the contractual relationship.

The Company is pleased to report that, to the best of its knowledge, none of the current suppliers are linked to child or forced labour. Third-party services will continue to be engaged to verify supplier claims, especially for high-risk regions and sub-suppliers.

Aligned SDGs

Looking Ahead

With FID now declared and construction targeted to commence in September 2026, the Nolans Project is entering its most significant procurement phase to date. Arafura's Supply Chain team — together with Hatch as EPCM — will integrate sustainability criteria into every sourcing decision, driving compliance through comprehensive screening, facility inspections, and diligent performance monitoring.

While most local supplier opportunities will arise from site construction and associated subcontracting needs, Arafura will actively encourage head contractors to foster relationships with local suppliers whose values are aligned.

Arafura remains strongly committed to supporting local procurement, while also retaining the responsibility to make commercially sensible decisions that ensure the success of the Project.

We recognise that large capital projects are often time-sensitive, which may occasionally limit the extent of local involvement — particularly where local supplier capability first needs to be developed. Nonetheless, the Company remains committed to working with local businesses to help build their capacity for current and future opportunities.

Disclosures relevant to Supply Chain are in development and will be reported in future years.

Links to relevant materials:

- *Nolans Project ICN Gateway (Procurement Opportunities)*
- *Arafura website – Engaging with the Project*
- *Hatch EPCM Procurement Enquiries: H366551NolansProcurement@hatch.com*

ICN Industry Capability Network

Northern Territory Industry Roadshows

In line with our commitment to local supplier engagement, Arafura — together with Hatch and ICN NT — has been delivering targeted industry briefings to NT businesses and stakeholders across Alice Springs and Darwin throughout mid-2026. These sessions allow NT businesses to:

- Understand the Project scope and construction timeline
- Learn about upcoming work packages and procurement processes
- Identify where their business fits in the supply chain and how to engage
- Engage directly with Arafura representatives and Hatch's EPCM procurement leads

This series builds on the success of Arafura's 2022 Northern Territory roadshow and reflects our ongoing commitment to face-to-face engagement with local suppliers. The Company may host further roadshows at a later date to cater to interstate vendors.

Darwin Port

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Indigenous Partnerships

At Arafura, we understand the importance of our Indigenous partnerships and continue to respect and embrace the opportunity and privilege we hold in developing the Nolans Project on Anmatjere Country. Partnering with our Traditional Owners in the true spirit of codesign we continue to plan with our local Indigenous communities, not just for them. As the Nolans project now moves into construction and then operations, this partnering approach will deliver mutual benefits for all.

During FY2026, we continued to strengthen our partnerships with our Traditional Owners and local Indigenous communities. Building on the foundations of our trusted relationships, we continue to develop and explore opportunities for Indigenous people in our region.

Support for Aboriginal and Traditional Owner businesses

The continued support from the Board for the Local and Indigenous Business Program (**IBP**) enabled us to continue providing and developing opportunities for our Traditional Owners and local communities. Our work continued with Penangke Cultural Consultants with community, environmental, cultural and workforce consultation in the region. Penangke's continued success is a testament to working closely with Aboriginal owned businesses in the region; it has gone from strength to strength securing more government and private industry consulting contracts across the NT over the past year. Penangke is now set to develop our cultural awareness training in codesign with our traditional owners. This approach will provide a unique insight to the cultural values of our Traditional Owners ensuring all people who work on site will have the opportunity to form the appropriate respect and ways of working on Anmatjere country.

Through the IBP we have continued to develop the opportunity for Blak Line, a 100% female Aboriginal owned business, to provide transportation services for the Project, other commercial ventures and government contracts.

The opportunity includes the potential development of a fully supported joint venture contract arrangement with one of the largest Australian-owned domestic and international commercial bus service operators in the industry. A second partnership option with another one of the largest national operators has also been developed to ensure the best outcomes for the parties can be reached when the contract award decision is made. Arafura, the Blak Line and the prospective partners continued to work together throughout the year to strengthen the foundations of the relationships which included several training and site facility tours.

A commitment to collaboration and co-design

We continued to assist Traditional Owners in establishing their own independent contractor services for the Project and other works.

The program has identified future development opportunities including helping to establish additional local Aboriginal-owned businesses, specifically a building contractor, an interpreter service and cultural training services and construction equipment hire, employment and training services, environmental monitoring and protection.

Working with Blak Line, Penangke and our independent consulting Traditional Owners throughout the year continues to develop our cultural understanding of our Traditional Owner groups and Indigenous communities. This collaboration continues to strengthen our relationships.

The Board continued to support our Indigenous Youth Program (**IYP**). Through the IYP, we again worked with the Clontarf Foundation. The foundation continues to be the benchmark for providing support for Indigenous youth in the NT and across Australia for personal and educational assisted support and development. During the year we met with many of the Clontarf participants across several events. Future graduates from around Australia presented in Darwin, reflecting on their experiences relating to Arafura's support via Clontarf, and speaking about their future aspirations post-graduation. To ensure equal support for both Indigenous males and females, we followed our commitment to the Stars Foundation and allocated a matching budget to support this organisation's extremely important work. The Stars Foundation provides critical support for female youth across the Territory and delivers life changing outcomes.

We recognise the importance of sports and other activities to our local communities. As a result, we committed to supporting local and Indigenous youth to get involved in sporting and other community events. Our communities are working with us on how that support will be distributed. One of our early decisions was the procurement and delivery of football uniforms for the Ti Tree teams, purchased through a locally owned NT business, supporting the local business community. Transportation still appears to be a major inhibitor, due to the vast distances between remote locations, so we are exploring ways we can assist individuals and families to consistently attend sporting and community events.

Aligned SDGs

10 REDUCED INEQUALITIES

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

In FY2024 we established a Project Liaison Committee. Since then, we have worked closely with our Traditional Owners and the Central Land Council (**CLC**) to establish two sub-committee working groups. One is for Workforce Development and the other for Community Development. Nominees from the Traditional Owners have been elected and the groups will continue working with us and the CLC to co-design programs to benefit our local Indigenous communities through training, employment opportunities and community development.

Assistance from the Northern Territory Government has been provided to undertake a Skills and Training Assessment study through the Industry Skills Advisory Council Northern Territory (**ISACNT**). The study is now complete and will help inform identifying all the necessary skills, qualifications, education and training needs to fulfill project roles through construction and operations. The results will also help identify what funding is available for the training and skills development and help build the strategy for execution through the Workforce Program.

Disclosures relevant to Indigenous Partnerships can be found in a separate, downloadable spreadsheet on our website - refer to "Data Tables".

Links to relevant materials:

- ***ASX Announcement - Native Title Agreement Executed for Nolans Project (26 June 2020)***

Creating employment opportunities

FY2026 again saw benefits for Traditional Owners and local Indigenous community members, including early employment opportunities and receiving paid work for their participation across a number of areas outlined below:

- Community consulting meetings
- Cultural heritage surveys (environmental)
- Water and environment management consultancy
- Catering
- Contracting
- Arts
- Native Title Holder meetings
- Project Liaison Committee meetings
- Employment consulting
- Community Development consultation
- Translations Services

Further employment opportunities have been provided for Anmatjere translators through the Northern Territory Government's Aboriginal Translator Services. The translators play a key role in facilitating mutually beneficial understanding between the Nolans Project and the community. The community better understands the Project and its opportunities, and Arafura benefits from a deep understanding of the matters of importance for Traditional Owners and local communities.

Community support

Regular consultation has been conducted at Alyuen Community for the development of the Community Needs Assessment that will set the strategy for the delivery of a Community Development Program. Arafura has now committed to undertaking a community needs assessment across our main local communities. The Community Development Program will continue to be developed in co-design with our Traditional Owners and local Indigenous communities.

Our collaboration with Traditional Owners, communities, CLC, government, industry peak associations, commercial, education and training stakeholders will continue as we develop our programs and build pathways to deliver thriving Indigenous communities.

Native Title

The Company registered the Nolans Project Native Title Agreement (**NTA**) dated 25 June 2020, as an Indigenous land use agreement on the Register of Indigenous Land Use Agreements (**ILUA**) in accordance with the Native Title Act 1993 (Cth). The ILUA records the consent of the relevant native title parties (being Kwaty Aboriginal Corporation RNTBC, Irretyepwenty Ywentent Pwert Aboriginal Corporation RNTBC and Alherramp Ilewerr Mamp Arrangkey Tywerl Aboriginal Corporation RNTBC) and the Central Land Council (**CLC**) in undertaking the Nolans Project.

'Anmatjere Man sculpture, Mark Egan, December 2005.

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Stakeholders and Communities

Our stakeholders and communities remain a central focus while delivering the Nolans Project in Central Australia and the Northern Territory. We take pride in our authentic style of engagement respecting each unique role our different stakeholders play in the ecosystem. Through genuine engagement with all parties, listening to their voices and participating in relevant forums the Company continues to strengthen relationships on all levels and embed Arafura as an integral partner across the entire Northern Territory ecosystem.

Building strong partnerships to support delivery of Nolans

During FY2026, Arafura continued to strengthen relationships with governments, regulators, Traditional Owners, local communities, customers, lenders, strategic investors and industry stakeholders as the Nolans Rare Earths Project progressed towards FID and construction.

Stakeholder engagement remained central to Arafura's strategy, reflecting the scale and strategic importance of Nolans and its potential contribution to Australia's critical minerals capability, the Northern Territory economy and the diversification of global rare earth supply chains.

Government and strategic engagement

Arafura maintained extensive engagement with the Australian and Northern Territory Governments throughout the year. Engagement focused on project development, regulatory approvals, critical minerals policy, project financing, local economic participation and the strategic role of Nolans in establishing a secure, alternative supply of rare earths.

At the Federal level, Arafura engaged with relevant ministers, ministerial offices, government departments and critical minerals agencies. This engagement included participation in the development of the Australian Government's Critical Minerals Strategic Reserve and discussions regarding government-supported investment in the Nolans Project.

In October 2025, the Australia–United States Critical Minerals Framework was entered into with Nolans identified as one of only two priority projects. In conjunction with this initiative, EFA provided conditional approval for an equity investment of up to US$100 million, while the Export-Import Bank of the United States (**US EXIM**) provided a non-binding Letter of Interest for financing support of up to US$300 million. These developments reinforced the strategic importance of Nolans to diversified and resilient critical minerals supply chains.

As an industry representative consulting on the proposed Critical Minerals Strategic Reserve, Arafura engaged with the Critical Minerals Taskforce and the Association of Mining and Exploration Companies. The Company contributed to the development of industry policy proposals intended to support a commercially sustainable and bankable mechanism for critical minerals supply.

Government-backed funding and investment

Government and government-backed financial institutions became increasingly important strategic stakeholders during FY2026.

During the year, Arafura progressed engagement with the GRMF, EFA and NRFC. In April 2026, Arafura executed binding cornerstone equity agreements with Kreditanstalt für Wiederaufbau (**KfW**), acting on behalf of the GRMF, for €50 million, and with EFA for US$100 million, representing approximately A$230 million of additional committed equity.

In May 2026, Arafura executed definitive documentation with the NRFC for A$200 million of unsecured convertible notes to support the development and commissioning of Nolans. Together with previously completed equity raisings, these commitments materially strengthened the Project's funding position.

These transactions demonstrated continued sovereign and strategic support for Nolans and reinforced the Project's role in developing resilient critical minerals supply chains across Australia, Europe, Asia and the United States.

Northern Territory partnership and economic participation

Engagement with the Northern Territory Government was further strengthened following FID.

On 1 June 2026, Nolans was designated the first-ever Significant Project under the Northern Territory's Territory Coordinator Act 2025. The designation provides for enhanced whole-of-government coordination of the Project and recognises its strategic and economic significance to the Territory.

In June, Arafura and the Northern Territory Government signed a Statement of Shared Commitment. The commitment reflects mutually aligned objectives to maximise the long-term economic and social benefits of Nolans through local investment, employment, capability development and collaboration.

Aligned SDGs

Local and Indigenous participation

Territory Benefits Plan

Within the Territory Benefits Plan developed for the Project, Arafura has embedded commitments to maximise local and Indigenous workforce and business participation. This includes culturally appropriate training and development pathways, targeted employment outcomes for Traditional Owners, and active engagement of Northern Territory businesses through the ICN at every stage of development. The Company has also committed to an ambition of 20 per cent local Indigenous employment over the life of the Project.

The Territory Benefits Plan incorporates commitments to maximise local and Indigenous workforce participation, including culturally appropriate training and development pathways and employment opportunities for Traditional Owners.

Pastoralists and local stakeholders

Arafura maintained ongoing engagement with the Project's Traditional Owners, Project Liaison Committee and local pastoralist stakeholders.

Engagement with the local pastoralist included provision of data and technical advice to support improvements to station water resources. Arafura also progressed documentation outlining future collaborative opportunities and community-benefit initiatives forming part of the Pastoralist Compensation Agreement executed during the period.

These relationships remain important as the Company transitions from project development into construction and, ultimately, operations.

Disclosures relevant to Stakeholders and Communities can be found in a separate, downloadable spreadsheet on our website - refer to "Data Tables".

International stakeholder engagement

Nolans' strategic importance was increasingly recognised internationally during FY2026. Arafura maintained engagement with international governments, export credit agencies, financiers, customers and industry bodies as global efforts accelerated to diversify rare earth supply chains.

Arafura also continued engagement with prospective customers and strategic partners across Europe, Asia and the United States. Existing binding offtake relationships were complemented during FY2026 by further engagement with US and Asian markets.

This engagement supported the broader strategic objective of establishing Nolans as a long-term supplier of rare earth products to diversified international markets.

Stakeholder engagement outcomes

The cumulative outcome of Arafura's stakeholder engagement during FY2026 was significant. Key outcomes included:

Stakeholder	Engagement / Activity	FY2026 Outcome
Australian Government Critical minerals policy	EFA, CMSR, ministerial/dept engagement	Government-backed funding, CMSR support and FID
Export Finance Australia	Due diligence and equity negotiations	Binding US$100m equity commitment
National Reconstruction Fund Corporation	Funding negotiations/ documentation	A$200m convertible note documentation
German Government / GRMF / KfW Appraisal	Due diligence and equity negotiations	Binding €50m equity commitment
United States of America (**US**) Government / US EXIM	Australia–US Critical Minerals Framework and financing discussions	Nolans priority project; US$300m LOI
Northern Territory Government Ministers	Site visit, project coordination, local benefits	Significant Project status and Statement of Shared Commitment
NT regulators	Environmental, mining and water approvals	Progression of key regulatory approvals
Traditional Owners Liaison Committee	Workforce and community development	Workforce/community programs and participation pathways
Local businesses / ICN-NT	Capability and procurement engagement	Procurement roadshows and local participation framework
Local pastoralist	Water resources and collaborative planning	Strengthened relationship and future collaboration
Minerals Security Partnership	Project presentation and strategic engagement	International recognition of Nolans' supply-chain role
Customers/offtake partners	Europe, Asia, US and India	Expanded and diversified market engagement
Lenders / ECAs	Ongoing financing and credit approval engagement	Progress towards project finance close

Directors' report

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Arafura Rare Earths Limited and the entities it controlled at the end of, or during, the year ended 30 June 2026.

Directors

The following persons were Directors of Arafura Rare Earths Limited during the financial year or up to the date of this report:

- M. Southey
- D. Cuzzubbo
- C. Moises
- M. Spreadborough
- R. Higgins
- I. Murray

Principal activities

During the year, the principal continuing activities of the Group consisted of advancing the Nolans Project toward a Final Investment Decision, including:

- Continuation of engineering design and development with a focus on optimising capital expenditure, reducing risk and further developing schedule;
- Advancing remaining funding and offtake negotiations; and
- Complying with environmental licensing conditions.

Dividends

No dividends were paid during the year and the Directors do not recommend the payment of a dividend.

Operating and financial review

The Group incurred a loss of $41,086,395 for the year ended 30 June 2026 (2025: loss of $19,242,337). The current financial year loss is significantly higher than the prior financial year primarily due to the acceleration of Project Development activities, cumulating in the Company making a Final Investment Decision on the Project in May 2026.

Significant changes in the state of affairs

During the period:

- The Board made a Final Investment Decision on the Project in May 2026, in conjunction with a non-binding letter of support received from Export Finance Australia for potential support under the Critical Minerals Strategic Reserve for up to 500 tonnes per annum of NdPr Oxide from the Project. Combined, the Company has made significant progress on Offtake in the year, with two additional binding offtake term sheets executed:
  - Traxys North America- 500 tpa NdPr and 7tpa Dy/Tb
  - Indian Group (Indian Government backed scheme) – 500tpa NdPr and 7tpa Dy/Tb
- The Nolans Project was declared the first ever Significant Project under the Territory Coordinator Act 2025, which will enable, where appropriate, the fast- track planning approval, create jobs and workforce development opportunities in the Northern Territory.
- The Company made significant progress on its equity funding strategy with cornerstone investment commitments received from:
  - German Raw Materials Fund- €50 million shares to be issued to Kreditanstalt für Wiederaufbau (**KfW**) (issue price to be determined)
  - Export Finance Australia (**EFA**)– US$100 million (issue price of A$0.2447)
  - National Reconstruction Fund (**NRFC**)- $200 million convertible note (conversion price of $0.476) unsecured and subordinate to the Project financing facilities for the Nolans Project
- The Company also raised $932.7 million during the year through a number of Placements and Share Purchase Plans, of which $186 million settled in July 2026. The capital raisings ensured the Company was fully funded to commence development of the Nolans Project.

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

Subsequent to the end of the financial year:

- The Company received firm commitments for a $350 million two-tranche institutional placement at $0.26 per share. Tranche two of the placement settled on 9 July 2026 and a total of $174.5 million (before costs) was received following shareholder approval to issue the shares received on 2 July 2026. Concurrently, the Company had a Share Purchase Plan (**SPP**), to enable eligible retail Australian and New Zealand investors to participate on the same terms. The SPP closed on 7 July 2026 and a total $11.5 million was raised under the SPP.
- A general meeting was held on 2 July 2026, which ratified the securities issued under the May 2026 placement and share purchase plan and shareholders approved the issue of shares to EFA, KfW and NRFC.
- The Company announced its plan for the Chief Financial Officer (**CFO**) position to transition with the appointment of Angela Bigg on 13 July 2026. Peter Sherrington has resigned as CFO, effective from 31 August 2026 and will continue working to 31 October 2026 to provide support and a handover of responsibilities.
- In July 2026, the Company was notified by Thor Mining Plc that the renewal application for EL32167 was rejected by the Department of Mining and Energy on the grounds of not carrying exploration works on the tenement and as such a $270,528 impairment (for the full carrying value) has been recorded for the year ended 30 June 2026.

No other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years, or
- the results of those operations in future financial years, or
- the Group's state of affairs in future financial years.

Likely developments and expected results of operations

During the upcoming financial year, the Group will mobilize to site and commence construction of the Nolans Project as well as securing the remaining NdPr offtake necessary prior to first drawdown of debt.

These activities are subject to various risk factors which are detailed in the section titled 'Material Business Risks'.

Environmental regulation

The Group is subject to and is compliant with all aspects of environmental regulation relevant to its exploration and development activities. The Directors are not aware of any environmental law that is not being complied with.

Greenhouse gas and energy data reporting requirements

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. The Directors have assessed that there are no current reporting requirements, but the Group may be required to do so in the future.

Material Business Risks

For the purposes of section 299A(1) of the Corporations Act 2001 (Cth), this section summarises the material business risks and uncertainties that the Group considers could adversely affect the operating and financial performance or position of the Group, and which are relevant to the expectations of the directors that the Group has adequate financial resources to continue as a going concern.

The risk and uncertainties described below are not an exhaustive list of the risks facing the Group. Additional risk and uncertainties may also become important factors that adversely affect the Group's operating and financial performance or position.

Company specific risks

Funding risk

The Nolans Project is a large and complex project with total capital expenditure currently estimated at US$1.2 billion (refer to the Company's ASX announcement "Quarterly Activities Report and Appendix 5B" dated 28 October 2025). The business of the Company and its subsidiaries (Group), and the ability of the Group to procure the finance required to develop the Nolans Project, relies on access to debt and equity funding.

As rare earths (including NdPr) are not traded on any commodity exchange, traditional debt and equity market sources may not be available which may make it difficult for financiers and investors to assess and understand market risk. Therefore, the Group has sought to fund a significant portion of the Nolans Project's capital expenditure through Export Credit Agencies. There can be no assurance that additional debt, equity or other forms of funding (including by way of government grants) will be available to the Group (over any timeframe) on favourable terms or at all.

The Company has received conditional credit approvals from several financiers for US$775 million in senior debt facilities, an additional US$80 million for a cost overrun facility (**COF**) and a further US$200 million in the form of a standby liquidity facility (**SLF**). The COF and SLF are to be used to manage any increases in capital expenditure and operating costs incurred during ramp up. The credit approvals received for these facilities have expiry dates and, while a number have been extended, some extensions are yet to be formalised and there remains a risk that further extensions may not be obtained as and when required.

Customary terms of the debt financing require the Company to raise a significant portion of the capital cost required to fund the Nolans Project from the equity market before debt drawdowns will be available. No assurance can be given that the required equity component of the Nolans Project financing will be raised by the Company in full or at all.

While the final public equity component

[1] *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).*

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of the Project funding has been completed, further funds are also required from cornerstone investors (being EFA, KfW and NRFC) to fully fund the equity component of the Project funding. While the Company has now entered into binding subscription agreements with EFA, KfW and NRFC, the receipt of funds under these documents is subject to conditions precedent (including in relation to certain other debt and equity funding sources remaining available) and there is no guarantee that the Group will be able to satisfy the required conditions. Accordingly, there is no guarantee that the Group will ultimately secure equity from these cornerstone investors. Failure to obtain sufficient funds from the equity market (including the failure to secure the required equity commitments from cornerstone investors) or failure to achieve other conditions precedent customary for secured project financing arrangements of this nature, such as final loan documentation and satisfaction of other conditions to drawdown (including providing an updated financial model based off, amongst other things, independent commodity price forecasts which demonstrate compliance with financial ratios and debt sizing criteria, entry into material project contracts with associated tripartite agreements, project authorisations, representations and undertakings), may preclude the Company from being able to drawdown on the financing facilities it has secured. Any additional equity financing, if secured, may dilute existing shareholdings.

Failure to obtain debt, equity and/or other forms of financing may cause the Group to postpone any development plans, forfeit rights to some or all of its projects or reduce its operating structures, including staff and overhead levels, which may delay or suspend the Group's business strategy, have a material adverse effect on the Group's activities or require the Group to sell down an interest in its projects or assets. This may adversely impact the Group's financial condition and the value of the Company's shares, and could ultimately result in the Group being unable to develop Nolans. In addition, any delays in obtaining debt, equity and/or other forms of financing, or any delays in receiving (or the non-receipt of) anticipated government grants, may require the Company to decrease its planned expenditure on certain project related activities while such funding is being secured. This may lead to scheduling disruptions, timetable overruns and an overall delay in the execution of the Nolans Project.

Offtake

The Company must secure sufficient binding offtake volumes to comply with the Project finance offtake policy, which requires that at least 80% of planned production be covered by binding offtake agreements (**Binding Offtake Target**). Compliance with the offtake policy is a condition precedent to the financing facilities for the Nolans Project. Additionally, certain financing facilities which have been conditionally approved by export credit agencies require offtake volumes to be placed into specific jurisdictions. Failure to comply with the offtake policy or to meet the jurisdictional placement requirements may preclude the Company from accessing these financing facilities.

To date, the Company has secured binding offtake agreements covering 79% of its Binding Offtake Target. The binding agreements are subject to conditions precedent, including long form documentation, where in term sheet form, or for existing agreements, the delivery of first product by specified sunset dates or to extend the previously disclosed sunset dates where required. While the Company expects to conclude the foregoing extensions, there can be no guarantee the extensions will be achieved on terms consistent with the existing agreements, or at all. There is a risk that the Company may be unable to satisfy these conditions. The Group may also fail to meet the product quality requirements and material specifications of its offtake partners. If the Company is unable to enter into binding definitive documentation securing the remainder of the Binding Offtake Target and/or extend the currency of existing binding offtake agreements (including to extend currently negotiated sunset dates), there is a risk that the Company will be unable to access debt finance in the way currently contemplated (or at all). This would have a material adverse impact on the Group's ability to develop the Nolans Project.

KfW's equity subscription is also conditional upon the Company entering into an amendment to the existing Offtake Agreement between the Company and Siemens Gamesa Renewable Energy A/S (**SGRE Agreement**) (refer to ASX announcement dated 11 April 2023). While negotiations remain ongoing, if the amendment to the SGRE Agreement is not agreed, the subscription agreement with KfW may not complete (in which case refer to the "Funding Risk" above) unless the condition is waived by KfW.

Communicable disease outbreaks

The outbreak of communicable diseases around the world (such as COVID-19) may lead to interruptions in operations, exploration, development and production activities, inability to source supplies or consumables and higher volatility in the global capital markets and price of rare earth elements or demand for the product of the Group, which may materially and adversely affect the Group's business, financial condition and results of operations.

In addition, such outbreaks may result in restrictions on travel and public transport and prolonged closures of facilities or other workplaces which may have a material adverse effect on the Group and the global economy more generally. Any material change in the Group's operating conditions, the financial markets or the economy as a result of these events or developments may materially and adversely affect the Group's business, financial condition and results of operations.

Exploration, production and project development

The future profitability of the Group is directly related to the results of exploration, development and production activities and costs. Exploration, project development and production involves significant risk.

Exploration is a speculative endeavour with an associated risk of not discovering NdPr and other products in economic quantities and/or grades. There are also risks associated with development of a project to exploit any discovery of NdPr or other products. No assurances can be given that funds spent on exploration and development will result in discoveries or projects that will be commercially viable. During each stage of a project's development there is a risk that forecast capital or operating expenditure estimates may increase, rendering a discovery uneconomic.

Development and production of NdPr and other mining projects may be exposed to variable reserve outcomes, cost and timetable overruns, production decreases or stoppages, which may be the result of commissioning, facility shutdowns, mechanical or technical failure, scheduling disruptions (which may result from delays to funding or decreased spend while funding is secured), technical risks and other unforeseen events. Few rare earths processing plants have been constructed and commissioned outside of the People's Republic of China and, as a result, there may be increased execution risk for the Nolans Project. A significant poor development outcome or failure to maintain production could result in the Group lowering reserve and production forecasts, loss of revenue, increased working capital requirements, and additional operating costs to restore production.

In some instances, a loss of production may result in additional capital expenditure being incurred, which could require the Group to seek additional funding, which may not be available on favourable terms (or at all).

Volatility of the price of rare earth elements

NdPr and other rare earth products are not exchange traded commodities. The Group will require contracts for sale of these mineral commodities. There is no guarantee the Group will secure contracts on terms favourable to the Group or at all.

NdPr and other rare earth product prices will depend on available markets at acceptable prices and distribution and other costs. Pricing of NdPr can also be impacted by government intervention in NdPr markets, such as through direct or indirect support of producers and exporters of NdPr, stockpiling of NdPr, and trade policies, barriers and sanctions. Historically (and at present), the supply of NdPr has been dominated by producers in the People's Republic of China. Policy changes, actions or events that affect that supply may have a significant effect on NdPr prices. Further uncertainty in the forecast price of NdPr has been introduced by recent geopolitical activity including trade tariffs imposed by the US, the transaction between the US Department of War and US-based rare earths producer MP Materials, and rare earth export controls introduced by the People's Republic of China. The imposition or escalation of tariffs, trade restrictions or export controls by the US, the People's Republic of China or other jurisdictions may have a material impact on the pricing, supply and demand dynamics of NdPr and other rare earths products, and on the Group's ability to access key markets or secure offtake arrangements on commercially acceptable terms (or at all).

Additionally, technological developments may result in substitution risk and decrease the demand for (and therefore the price of) NdPr and other rare earth products. Demand for NdPr and other rare earth products may also be impacted by demand for downstream products incorporating rare earths, including (but not limited to) hybrid and electric vehicles, wind turbines, robotics, permanent magnets, medical equipment, military equipment and other high-growth advanced motion technologies as well as demand in the general automotive and electronic industries.

Any substantial variation in the price of NdPr and other rare earth products or an increase in the cost of production could have a material impact on the Group.

Metallurgy and hydrometallurgy

Metallurgical testwork is used to develop the mineral processing and hydrometallurgical processes required to convert ore into final products. Scale up, technology and materials handling risks remain as the Group moves from development to construction, commissioning and production. Product recoveries are dependent upon the mineral processing and hydrometallurgical processes, and by their nature contain elements of significant risk such as:

- developing and identifying mineral processing and hydrometallurgical processes through testwork to produce a saleable product;
- scale-up and design of novel processes into a commercial flowsheet based on laboratory and pilot scale testwork results;
- the representative nature of the samples used for the metallurgical testwork of the ore that is mined for processing over the life of mine;
- developing an economic process route to produce a saleable product; and
- changes in mineralogy in the ore deposit result in inconsistent product recovery, adversely affecting the economic viability of the Nolans Project.

Capital cost risk

While the Group has completed Front End Engineering and Design activities and is continuing detailed design and tendering activities for procurement and construction contracts (including infrastructure contracts) as part of advancing the design and cost of the Nolans Project. Until such time a design definition is complete and construction contracts are signed, there is a risk that the capital expenditure for the Nolans Project increases above the previous disclosed capital requirements (refer to the Company's ASX announcements "Nolans Project Update" dated 11 November 2022, "Arafura achieves major debt funding milestone presentation" dated 23 July 2024 and "Quarterly Activities Report and Appendix 5B" dated 28 October 2025) due to various macro-economic factors that have directly or indirectly impacted the construction industry.

In addition, even following the completion of design and the execution of construction contracts, there is a risk of a cost overrun on the Nolans Project given the inflationary environment which may impact on labour costs, supply costs, transport costs and other costs associated with the construction of the Nolans Project. The Group is following an industry standard contracting approach to execution which includes the appointment of Hatch (a specialised EPCM organisation) as EPCM contractor (refer to the Company's ASX announcement "EPCM Update" dated 28 October 2025). There are cost and schedule risks to a successful project outcome if Hatch does not effectively manage all aspects of the Project delivery under their scope (which is yet to be agreed).

The Company continues to monitor capital cost market trends.

Operating cost risk

As the Nolans Project progresses towards production, there is a risk that ongoing operating costs may exceed prior estimates (refer to the Company's ASX announcements "Nolans Project Update" dated 11 November 2022, "Arafura achieves major debt funding milestone presentation" dated 23 July 2024 and "Quarterly Activities Report and Appendix 5B" dated 28 October 2025). This may arise due to sustained inflationary pressure on inputs such as reagents, consumables, energy, labour, and logistics. Any significant increase in operating costs could adversely impact the economic performance of the Nolans Project and its ability to meet financing and offtake obligations.

The Company continues to monitor operating cost market trends.

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Access to fuel

The development of, and ultimate production from, the Nolans Project will be dependent on a reliable supply of energy and fuel. Any disruption to fuel or energy supply, whether arising from geopolitical conflicts, natural disasters, regulatory intervention (including the impost of tariffs or export controls) or other causes, may adversely affect the Company's ability to construct the Nolans Project to schedule, to budget, or at all.

Fuel and energy prices are subject to significant volatility driven by global crude oil prices, currency fluctuations, regulatory changes, global economic conditions and global conflicts (including the Iran conflict and the associated disruption to shipping routes and fuel supply). A sustained increase in fuel or energy costs could increase development expenses and supply-chain costs, adversely affecting the Company's business, financial condition and prospects.

Operating risks

Industry operating risks include, but are not limited to, fires, explosions, environmental hazards, technical failures, unusual or unexpected geological conditions, adverse weather conditions and other accidents. The occurrence of any of these risks could result in substantial losses to the Group due to:

- injury or loss of life;
- damage to or destruction of property, natural resources or equipment;
- pollution or other environmental damage;
- clean-up responsibilities;
- regulatory investigation and penalties; or
- suspension of operations.

Damages occurring to third parties as a result of such risks may also give rise to claims against the Group.

The occurrence of any of these circumstances could result in the Group not realising its operational or development plans or in such plans costing more than expected or taking longer to realise than expected. Any of these outcomes could have an adverse effect on the Group's financial and operational performance.

Reliance on key personnel and advisors

The ability of the Group to achieve its objectives depends on the engagement of key employees, directors and external contractors that provide management and technical expertise.

If the Group cannot secure external technical expertise (for example to carry out development activities) or if the services of the present management or technical team cease to be available to the Group, this may affect the Group's ability to achieve its objectives either fully or within the timeframes and the budget that it has forecast. Additionally, industrial disruptions, work stoppages and accidents in the course of operations may adversely affect the Group's performance.

Reliance on third party infrastructure

The Group will rely on third party transportation and other infrastructure, primarily in order to deliver its products to the market and incoming reagents and supplies to the Nolans Project site. Any delay or failure to access or properly maintain operating infrastructure or shared facilities may have a material adverse effect on the Group.

Ore Reserves and Mineral Resource estimates

Ore reserve and mineral resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates may change or become uncertain when new information becomes available on the tenements through additional exploration, investigations, research, testing or engineering over the life of a project. This applies equally to the Group's production targets in relation to the Nolans Project and any forecast financial information derived from a production target.

In addition, ore reserve and contingent mineral resource estimates (and production targets and forecast financial information derived from a production target) are necessarily imprecise and depend to some extent on interpretations, which may prove inaccurate. The actual ore reserves or contingent mineral resources may differ from those estimated which may result in the Group altering its plans which could have either a positive or negative effect on its operations.

Changes in ore reserve or mineral resource estimates could also impact the Group's ability to maintain its borrowing capacity with lenders.

Native Title

The Native Title Act 1993 (Cth), Northern Territory Native Title legislation, Aboriginal land rights and Aboriginal heritage legislation may affect the Group's ability to gain access to prospective exploration areas or obtain any additional mineral leases required. The Group has entered into a Native Title Agreement with the Nolans Project's native title holders and the Central Land Council under which the native title holders provide their consent to the grant of the primary mineral lease, ancillary mineral leases and related access authorities for the Nolans Project (refer to the Company's ASX announcement "Native Title Agreement Executed for Nolans Project" dated 26 June 2020). An amendment to the Native Title Agreement was subsequently executed with the native title holders to cover the mineral leases and extractive mineral permits, the explosives magazine, the proposed Stage 1 solar farm, the borrow pits and to effect minor changes to various access authorities.

On 22 July 2020, the Company announced that the mineral leases for the Nolans Project had been granted by the Northern Territory Government and, on 9 February 2021, the Company announced that the mineral leases for areas supporting the Nolans Project (which will host the Nolans borefield) had been granted by the Northern Territory Government (refer to the Company's ASX announcements "Nolans Mineral Leases granted by NT Government" dated 22 July 2020 and "Mineral Leases granted by NT Government secures Borefield" dated 9 February 2021). The Group will need to comply with the Native Title Agreement to avoid any potentially adverse consequences.

The Group may, from time to time, need to negotiate with native title claimants for access rights to certain tenements, or for certain activities or granting of additional leases, outside those covered by the Native Title Agreement. There may be significant delays and costs associated with these negotiations and to reach agreement acceptable to all relevant parties. At this stage, it is not possible to quantify the potential impact that these developments may have on the operations of the Group.

Environmental

The Group's exploration, development and production activities are subject to legislation regarding environmental matters.

The legal framework governing this area is complex and constantly developing.

There is a risk that the environmental regulations may become more onerous, making the Group's operations more expensive and/or subject to potential delays. The Group may become subject to liability for pollution, CO2 emissions or other hazards against which it is not insured or cannot insure, including those in respect of past activities for which it was not responsible.

The Group's operations are subject to the Northern Territory and Commonwealth laws and regulations regarding the environment, including hazards and discharge of hazardous waste and materials. The mining and processing of Normally Occurring Radioactive Materials (**NORM**) and the disposal of radioactive waste is subject to additional laws and regulations regarding environmental matters. The cost of compliance with these laws and regulations may impact the cost of exploration, development, construction, operation of the production facilities and mine closure costs and may result in these costs exceeding what has been allowed for in the estimates used to develop forward looking statements around the economic performance of the Nolans Project.

Tenure

Securing and maintaining tenure over mining tenements is critical to the future development of the Group's projects. All mining tenements which the Group may acquire either by application, sale and purchase or by way of farm-in arrangements are regulated by the applicable state or territory mining legislation.

There is no guarantee that future applications for ungranted tenements will be granted as applied for (although the Group has no reason to believe that any tenements required for the Nolans Project or identified as being required in the future will not be granted in due course). Various conditions may also be imposed as a condition of grant. In addition, the relevant minister may need to consent to any transfer of a tenement to the Group.

Renewal of titles is made by way of application to the relevant department. There is no guarantee that a renewal will be automatically granted other than in accordance with the applicable state or territory mining legislation. In addition, the relevant department may impose conditions on any renewal, including relinquishment of ground.

Under the Mineral Titles Act 2010 (NT) (**MT Act**), a 'person who has an interest in land' (as defined in the MT Act) is entitled to compensation from the holder of a mineral title for:

- damage to the land, and any improvements on the land, caused by activities conducted under the title; and
- any loss suffered as a result of that damage.

The compensation to which a person is entitled depends upon the type of land in question (for example, whether it is freehold land or a pastoral lease) and the nature of the activities that caused the damage to the land (for example, whether they were exploration activities or mining activities). The MT Act does not require the Group to enter into landholder agreements with all or any of the persons who have interests in the land, prior to the commencement of development of, or operations for, the Nolans Project and the Group has a right of access to its mineral titles and a right to occupy and use its mineral titles in accordance with their terms, the MT Act, the Mining Management Act 2001 (NT) and the Environmental Protection Act 2019 (NT).

The Company has entered a Compensation Deed with the landholder covering the Nolans Project site, to formalise access and compensation arrangement associated with the Project (refer to ASX announcement "Execution Readiness Update" dated 10 March 2026). However, there remains a risk of disputes or further claims for compensation that the current or any future landholder may be entitled to pursue. Such persons may be able to apply to the Northern Territory Civil and Administrative Tribunal for a decision in respect of the compensation payable to the person (and associated matters) in the event that the parties are unable to reach agreement on the compensation payable by the Group to the person. There is a risk that the compensation payable to the persons who have interests in the relevant land may exceed any estimates included in the operating cost estimates used to develop forward looking statements around the Nolans Project's economic performance.

Legislative changes, government policy and approvals

The Group requires government regulatory approvals for its operations. Changes in government, monetary policies, taxation and other laws in Australia or internationally may impact the Group's operations.

The impact of actions by state, territory and federal governments may affect the Group's activities including such matters as access to lands and infrastructure, compliance with environmental regulations, production and exploration activities. This may from time to time affect timing and scope of work to be undertaken. No guarantee can be given that all necessary permits, authorisations, agreements or licences will be provided to the Group by government bodies, or if they are, that they will be renewed or not revoked if already granted.

The Group has received environmental approval from the Australian Government and the Northern Territory Environment Protection Authority under the Environment Protection and Biodiversity Conservation Act 1999 (Cth).

The Group has received approval from the Northern Territory Government for its Mining Management Plan, which provides its Mining Authorisation for the Nolans Project.

The Group's Groundwater Extraction Licence relating to the water supply for the Nolans Project was approved in March 2023 for a period of 10 years after which extension of the approval is required. There is a risk that non-compliance by the Group with all issued approvals will result in fines, disciplinary action and/or loss of social licence to operate, and a risk that all approvals or licences with expiry dates will not be able to be extended or re-negotiated.

Foreign investment and government intervention risk

Rare earths (including NdPr) are classified as critical minerals by the Australian Government. Accordingly, the Nolans Project and investments in the Company may be subject to heightened scrutiny under Australia's foreign investment framework.

Investments in the Company by foreign persons may require Foreign Investment Review Board approval, and such approval may be granted subject to conditions, which may include conditions relating to the maintenance of Australian ownership or control, data security, and restrictions on foreign involvement. Such requirements may also affect the Group's ability to maintain or enter into financing arrangements with certain foreign lenders or export credit agencies.

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The Australian Government may also impose restrictions or conditions on the development and operation of, or export of critical minerals (including NdPr) from, critical minerals projects such as the Nolans Project in order to safeguard national interests.

These requirements may have an adverse impact on the Company's ability to attract investors (including cornerstone investors), limit or delay future strategic transactions involving the Group, and limit the Company's ability to secure offtake agreements with various counterparties. Each of these could be expected to have a material adverse impact on the Group's business.

Critical minerals policy risk

While the classification of rare earth elements (including NdPr) as critical minerals by global governments may provide the Group with access to government support, grants and favourable policy settings, it also exposes the Group to risks associated with changing government priorities, the possible introduction of regulatory frameworks specific to critical minerals, and increased scrutiny of foreign investment in critical minerals and the export of critical minerals products.

Favourable government critical minerals policies may also support the development of competing projects or alternative supply chains, which could adversely affect the Group's position in the market and its ability to attract investment and offtakers.

There is no guarantee that current or proposed government support programs will be maintained, extended or made available to the Group.

Occupational health and safety

Exploration and production activities may expose the Group's staff and contractors to potentially dangerous working environments. Occupational health and safety legislation and regulations differ in each jurisdiction. If any of the Group's employees or contractors suffers injury or death, compensation payments or fines may be payable and such circumstances could result in the loss of a licence or permit required to carry on the business. Such an incident may also have an adverse effect on the Group's business (including financial position) and reputation.

Third party risk

The Group will rely significantly on strategic relationships with other entities and on a good relationship with regulatory and government departments and other interest holders. The Group will also rely on third parties to provide essential contracting services. There can be no assurance that its existing relationships will be maintained, or that new ones will be successfully formed. The Group could be adversely affected by changes to such relationships or difficulties in forming new ones.

Insurance

Insurance of all risks associated with mineral exploration and production is not always available and, where available, the cost can be high. The Group maintains insurance within a coverage range that it considers to be consistent with industry practice and appropriate for its needs and will update this insurance as required as Group activities evolve through the development and operation of the Nolans Project. The occurrence of an event that is uninsurable, not covered, or only partially covered by insurance could have a material adverse effect on the Group's business and financial position.

Litigation risks

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employment claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

Climate change risk

Climate change is a risk the Group has considered, particularly related to its operations in the mining industry. A key climate change risk particularly attributable to the Group is the emergence of new or expanded regulations associated with transitioning to a lower-carbon economy and market changes related to climate change mitigation.

The Group may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Group and its profitability.

While the Group will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Group will not be impacted by these occurrences.

Climate change may also cause certain physical and environmental risks that cannot be predicted by the Group, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All risks associated with climate change may significantly change the industry in which the Group operates.

Financial risks

The Group's activities expose it to a variety of financial risks, including:

- Market risk: The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, interest rate risk, price risk, credit risk and liquidity risk (maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities). The Group's future activities will be subject to volatility and fluctuations in those particular areas.
- Foreign exchange/currency risk: The Group will operate internationally and is exposed to foreign exchange risk arising from currency exposures with respect to changes in foreign exchange rates. The Group's future commercial transactions include product sales, capital expenditure, purchase of foreign sourced inputs and debt facilities. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.
- Interest rate and credit risk: This relates to the risk that interest rates applicable to the Group may fluctuate and have an impact on the value of the Group's assets and liabilities.
- Liquidity risk: This relates to the ability of the Group to maintain sufficient cash and the availability of funding through an adequate amount of committed credit facilities to support the Group's operations.

General risks

General market and economic factors

The operating and financial performance of the Group is influenced by a number of general economic and business conditions.

Generally applicable factors which may affect the operating and financial performance of the Group include:

- general movements in Australian and international stock markets;
- investor sentiment;
- Australian and international economic conditions and outlook;
- commodity prices;
- changes in interest rates and the rate of inflation;
- changes in government legislation and policies, including taxation laws, the imposition of tariffs and foreign investment legislation;
- announcement of new technologies; and
- geo-political instability, including international hostilities and acts of terrorism.

Further, the effect of these conditions on the Group's ability to obtain new debt financing, and the terms on which any such financing can be obtained, is uncertain. If these conditions result in the Group being unable to obtain new debt financing, or to do so on reasonable terms, this may have an adverse impact on its financial position, financial performance and/or share price. The Group's operational and financial performance and position may be adversely affected by a worsening of international economic and market conditions and related factors. It is also possible that new risks might emerge as a result of global markets experiencing extreme stress, or existing risks may manifest themselves in ways that are not currently foreseeable.

Dividends

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

Competition

The Company will compete with other companies, including major mining companies in Australia and internationally. Some of these companies will have greater financial and other resources than the Group and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Group can compete effectively with these companies.

Force majeure

The Group's projects now or in the future may be adversely affected by risks outside the control of the Group, including fires, labour unrest, civil disorder, war, subversive activities or sabotage, floods, pandemics, explosions or other catastrophes, epidemics or quarantine restrictions.

Iran conflict

The ongoing conflict in Iran and associated trade disruptions may have a material impact on the Group's cost base and its ability to construct the Nolans Project to budget or at all. The Company continues to monitor the direct and indirect effects of the Iran conflict on its operations.

The impact of the Iran conflict on global fuel prices has had, and may continue to have, an adverse effect on the Company's planned development of the Nolans Project. While the Company continues to undertake sensitivity analysis to better understand the potential impact of a global fuel shortage, the Company anticipates the major impact of any prolonged conflict (including any prolonged disruption to the Strait of Hormuz) will be in relation to costs incurred by the Group. While the ultimate effect of the conflict is unknown, the Company anticipates that higher fuel prices may increase costs under contracts for fuel supply, earthworks, packaging, freight and travel (among others). While the duration and ultimate impact of the conflict is uncertain, any sustained increase in pricing under the Company's key contracts may have a material and adverse impact on the Nolans Project.

The Iran conflict has also impacted upon global trade and freight routes. While the Group has identified alternative suppliers for items of equipment required for the development of the Nolans Project, there is a risk that the Group will be unable to procure key items required to progress the Nolans Project in a timely manner or at all.

Russia-Ukraine and Israel-Palestine conflict

The ongoing Russia-Ukraine and Israel-Palestine conflicts have had and will continue to have a significant impact on global economic markets. Although the Group considers the current impact of the conflicts on the Group to be limited, given that the conflicts are ongoing and volatile in nature, the future effect of the conflicts on the Group is uncertain. The conflicts may have an adverse effect on the Company's share price or operations which will likely be out of the Group's control.

Data and information technology

The Group's computer systems are subject to the risks of unauthorised access, computer hackers, computer viruses, malicious code, organised cyber-attacks and other security problems and system disruptions, including possible unauthorised access to proprietary or classified information. Any of these events could damage the Group's reputation and have a material adverse effect on its business, reputation, results of operations and financial condition. There is also a risk that the Group's systems for capturing data and intellectual property for project development are ultimately not effective.

Speculative investment

The above list of risk factors ought not to be taken as an exhaustive list of the risks faced by the Group or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Group and the value of the Company's securities. An investment in the Company is speculative and investors should consult their professional adviser before applying for or disposing of securities in the Company.

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Directors' report

Information on Directors

Mark Southey

Non-Executive Chair

Qualifications: BSc (Hons) in Engineering with Business Studies, an MBA from the University of Sydney Business School and is a Fellow of the Australian Institute of Company Directors (FAICD) and a member of Engineers Australia (MIEAust).

Mr Southey has extensive global experience in the industrial and natural resources sectors covering all aspects of asset management, maintenance, design and engineering, and major capital project development and execution. He is well versed in public company board and institutional investor engagement and has a background in both senior operational and financial roles.

Mr Southey has previously held senior executive positions with Honeywell and ABB both in Australia and internationally and was a long-term member of the global executive leadership team within Worley, a leader in the engineering, procurement and construction of projects in the energy and resources sector where he held the position of Group Managing Director for the Minerals, Metals and Chemicals Sector. Mr Southey is also a Non-Executive Director of Fleetwood Corporation (ASX: FWD) and an advisory board member for Gas Cleaning Technologies LLC (Dallas).

Mr Southey was appointed as the Chair of Arafura Rare Earths Limited on the 14th of February 2019.

First Appointed: 30 January 2018

Other current Directorships: Fleetwood Limited – Independent Non-Executive Director, Gas Cleaning Technologies LLC (Dallas) - Advisory board member

Former Directorships in the last three years: None

Special responsibilities: Member of the Risk Committee, Member of the Sustainability Committee, Member of the Audit Committee

Interests in shares, performance rights and options:

332,140 ordinary shares in Arafura Rare Earths Limited (Direct)

1,086,181 ordinary shares in Arafura Rare Earths Limited (Indirect)

Darryl Cuzzubbo

Managing Director and Chief Executive Officer

Qualifications: BEng Mechanical (Hons 1), Masters of Science (Total Quality Management), MBA

Mr Cuzzubbo has over 30 years' experience in global roles in multicommodity resources, services and manufacturing holding both Senior Executive and Executive Director roles. He brings extensive knowledge and experience in both the resources and manufacturing sectors having run large complex operational assets and has led the development and execution of a range of major projects. Mr Cuzzubbo, appointed as a Non-Executive Director for Arafura in November 2021, previously served as Chief Manufacturing and Supply Officer as well as Group Executive and President of Auspac Asia while at Orica Pty Ltd. Mr Cuzzubbo was Managing Director of SolGold Plc until November 2022.

He held various senior positions during his 24-year career with BHP, including 3 years as President of Olympic Dam with responsibility for operations, expansion projects and organisation wide transformational change programmes. He has a broad international perspective, having experience in running operations across over 30 countries.

First Appointed: 1 November 2021 (Non-Executive Director) and 5 February 2024 (Managing Director and CEO)

Former Directorships in the last three years: None.

Interests in shares, performance rights and options:

1,426,973 ordinary shares in Arafura Rare Earths Limited (indirect)

10,638,510 performance rights in Arafura Rare Earths Limited

Cathy Moises

Non-Executive Director

Qualifications: BSc (Hons) in Geology from the University of Melbourne and a Diploma of Finance and Investment from the Securities Institute of Australia.

Cathy Moises has extensive experience in the resources sector having worked as a senior resources analyst for several major stockbroking firms including McIntosh (now Merrill Lynch), County Securities (now Citigroup) and Evans and Partners where she was a partner of that firm. More recently in 2017-2019, Ms Moises was Head of Research at Patersons Securities Limited.

Ms Moises brings substantial experience to Arafura in company management, capital markets and institutional investor engagement. Her key areas of industry experience include gold, base metals, mineral sands and the rare earths sector.

First Appointed: 1 December 2019

Other current Directorships: APC Minerals Limited - Non-Executive Chair, Podium Minerals Limited – Non-Executive Director

Former Directorships in the last three years: WA Kaolin Limited – Non-Executive Director, Eastern Metals Limited – Non-Executive Director, PacGold Limited - Non-Executive Chair

Special Responsibilities: Chair of the Sustainability Committee, Member of the Audit Committee, Member of the People, Remuneration and Nomination Committee, Member of the Risk Committee

Interests in shares, performance rights and options:

363,601 ordinary shares in Arafura Rare Earths Limited (indirect)

Michael Spreadborough

Non-Executive Director

Qualifications: Bachelor Mining Engineering, MBA, WA First Class Mine Manager's Certificate of Competency, FAusIMM, AICD.

Mr Spreadborough has a mining engineering background with more than 30 years' experience in mining lead, zinc, uranium, copper, gold and iron ore. He has held roles across the scope of the industry from business and project development to operations and exploration. He held positions as the General Manager – Mining for WMC and Vice President – Mining for BHP Billiton at the world-class Olympic Dam Mine in South Australia, General Manager – Coastal Operations for Rio Tinto, responsible for port operations and Pannawonica mine site, Chief Operating Officer for Inova Resources Ltd (formerly Ivanhoe Australia) and Sandfire Resources.

First Appointed: 8 April 2024

Other current Directorships: Novo Resources Corp - Executive Co-Chairman

Former Directorships in the last three years: Evolution Energy Minerals Limited - Non-executive Chair

Special Responsibilities: Chair of the People, Remuneration and Nomination Committee, Member of the Audit Committee, Member of the Risk Committee

Interests in shares, performance rights and options:

797,500 ordinary shares in Arafura Rare Earths Limited (indirect)

370,299 ordinary shares in Arafura Rare Earths Limited (direct)

Catherine Huynh

Company Secretary

Qualifications: BCom, CA, ACIS

Catherine commenced employment with Arafura in 2018 in the role of Financial Controller She has over 16 years' of professional experience in public practice and commercial roles and is a member of the Chartered Accountants Australia and New Zealand and the Governance Institute of Australia.

Roger Higgins

Non-Executive Director

Qualifications: BE (Hons) Civil, MSc, PhD, FIEAust, FAusIMM.

Dr Higgins has over 50 years' experience in areas of engineering, project management, mineral and water resources and environmental management. He has lived and worked in the resources industries in Australia, Chile, Canada, Papua New Guinea and the US, and has worked on operations and projects and several additional country locations.

Dr Higgins has held senior management and executive positions including Senior Vice President Copper with Teck, VP and COO Australia with BHP Base Metals and Managing Director at Ok Tedi Mining. He is a member of Advisory Board at the University of Queensland, and an Adjunct Professor with the Sustainable Minerals Institute at the University of Queensland.

First Appointed: 8 April 2024

Other current Directorships: Kantra Copper Limited – Non-Executive Director

Former Directorships in the last three years: Worley Limited – Non-Executive Director, Newcrest Mining Limited – Non-Executive Director

Special Responsibilities: Chair of the Risk Committee, Member of the People, Remuneration and Nomination Committee, Member of the Sustainability Committee

Interests in shares, performance rights and options:

607,142 ordinary shares in Arafura Rare Earths Limited (indirect)

Ian Murray

Non-Executive Director

Qualifications: B Com, GradDipAcc, OAMLP, FCA, FAICD

Mr Murray brings more than 30 years of experience in financial, corporate, project development, mergers and acquisitions, and operational experience across Australia, Africa, Asia Pacific and North America.

Mr Murray was most recently CEO and Managing Director of Gold Road as it transitioned from small market capitalisation explorer to large scale plus billion-dollar gold producer. Today he is a non-executive director with Black Rock Mining Limited and is non-executive chair of Jupiter Mines Limited.

Mr Murray is a Fellow of the Chartered Accountant Australia and New Zealand, a Fellow of the Australian Institute of Company Directors, and holds qualifications in commerce, accounting and taxation, as well as a post-graduate Advanced Management and Leadership Programme from the University of Oxford's Saïd Business School.

First Appointed: 10 September 2024

Other current Directorships: Black Rock Mining Limited – Non-Executive Director, Jupiter Mines Limited – Non-Executive Chair

Former Directorships in the last three years: Miners Promise Limited (Charity and Not-for-Profit) – Volunteer Non-Executive Director

Special Responsibilities: Chair of the Audit Committee, Member of the People, Remuneration and Nomination Committee, Member of the Risk Committee

Interests in shares, performance rights and options:

748,841 ordinary shares in Arafura Rare Earths Limited (indirect)

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Directors' report

Meeting of Directors

As at 30 June 2026 the Committees of Arafura are comprised of the following:

Director	Audit Committee	Risk Management Committee	Sustainability Committee	People, Remuneration and Nomination Committee
M Southey	Member	Member	Member	-
C Moises	Member	Member	Chair	Member
R Higgins	-	Chair	Member	Member
M Spreadborough	Member	Member	-	Chair
I Murray	Chair	Member	-	Member

The number of meetings of the Company's Board of Directors, the number of meetings each Board Committee held, and the number of meetings attended by each Director throughout the year ended 30 June 2026 were:

			Committee Meetings							
	Board Meetings		Audit Committee		Risk Management Committee		Sustainability Committee		People, Remuneration and Nomination Committee	
Director	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
M Southey	12	12	3	3	3	3	3	3	3	3
C Moises	12	12	3	3	3	3	3	3	3	3
D Cuzzubbo	12	12	-	-	-	-	-	-	-	-
R Higgins	12	11	-	-	3	3	3	3	3	3
M Spreadborough	12	12	3	3	3	3	-	-	3	3
I Murray	12	12	3	3	3	3	-	-	3	3

Remuneration Report (audited)

Dear Shareholder,

On behalf of the People, Remuneration and Nomination Committee I am pleased to present the Remuneration Report for the year ended 30 June 2026.

We saw a defining milestone delivered for the Company and its stakeholders. The achievement of a Final Investment Decision (**FID**) for the Nolans Project was the culmination of a disciplined strategy executed over many years to establish Australia's first fully integrated ore-to-oxide rare earths operation. Having secured FID Arafura now commences its move from planning to disciplined construction readiness and execution as the team focuses on delivering Nolans to plan.

A comprehensive review of the FY2024 Incentive Plan grant was undertaken at the start of the year. The Board determined it to be no longer fit for purpose, and at the October 2025 AGM shareholders approved the cancellation of all performance rights issued under the FY2024 Incentive Plan. New performance rights were issued, with the FY2026 Incentive Plan grant designed to incentivise securing all remaining equity funding required to develop the Nolans Project and to accelerate construction readiness, both of which were successfully delivered. The FY2026 Incentive Plan performance conditions were tested subsequent to 30 June 2026[1] with the vesting outcomes for KMP shown in Table 2.

50% of vested performance rights issued under the FY2026 Incentive Plan will be restricted from exercise for one (1) year from the vesting date, with the remaining 50% of vested performance rights restricted from exercise for two (2) years from the vesting date.

Godfrey Remuneration Group (**GRG**) were engaged in November 2025 to undertake a comprehensive assessment of the Non-Executive Director fee structure and market positioning. Chair remuneration was found to sit slightly below P25 of the market whilst Non-Executive Director remuneration was found to sit significantly below P25. The gap in positioning was unsurprising given that Director fees were unchanged for over a decade apart from a moderate increase in FY2022 (Non-Executive Director fee) and FY2023 (Chair fee). Accordingly, the Chair fee was amended to $230,000 and the base Director fee was amended to $110,000. An additional committee fee of up to $30,000 was also introduced, comprising a $15,000 Committee Chair fee and a $15,000 universal committee membership fee. These changes took effect from 01 January 2026.

Other Remuneration outcomes in FY2026

- Upon review of benchmark remuneration data and following no adjustment to Key Management Personnel (**KMP**) base salaries in FY25, a modest CPI adjustment was made to KMP Total Fixed Remuneration for FY2026. The Managing Director & CEO's (Darryl Cuzzubbo) TFR was amended by 2.4% to $709,234, the Chief Financial Officer's (Peter Sherrington) TFR was amended by 2.38% to $514,484 and the Chief Projects Officer's (Tommie van der Walt) TFR was amended by 2.38% to $583,569.
- No short-term incentive bonuses were paid.

Remuneration changes for FY2027

- With an increase in Company complexity post FID, GRG were engaged to undertake a comprehensive review of Arafura's executive remuneration against the market. As a result, the Managing Director & CEO's TFR will increase from $709,234 to $886,542, and the Chief Projects Officer's TFR will increase from $583,569 to $631,000. Incoming Chief Financial Officer (Angela Bigg) will receive a TFR of $540,000.
- With the successful achievement of FID, the Arafura Incentive Plan framework will evolve in FY2027 to a more traditional structure of an annual one (1) year Short Term Incentive Plan centred on core deliverables and an annual three (3) year Long Term Incentive Plan centred on relative Total Shareholder Return.

The above changes reflect the organisation's priority of attracting and retaining the calibre of Key Management Personnel required to deliver the next phase of the Nolans Project to construction and commissioning.

We remain committed to consistently challenging our remuneration framework to drive performance and create long term value and I thank you for your support of Arafura both to date and moving forward.

Yours Sincerely,

Mike

Mike Spreadborough
Chair | People, Remuneration and Nomination Committee

Table 2: FY2026 Incentive Plan outcomes for Key Management Personnel as a percentage of maximum opportunity

Name	Vested	Lapsed	Unvested
MD & CEO	64.99%	35.01%	0%
Chief Projects Officer	67.03%	24.97%	8%[2]
Chief Financial Officer	69.66%	30.34%	0%

[1]Refer to footnote 2 below; the performance condition relating to construction commencement will be tested in H1 FY2027.

[2]The construction commencement performance condition was to be tested at the later of 30 June 2026 and four (4) calendar months post FID. FID was taken subject to achieving all remaining milestones in relation to debt and equity financing required to fully fund the Nolans Project (which included shareholder approval for the issue of securities to the cornerstone investors), with the EGM date of 02 July 2026 taken as the effective point of FID for the purposes of measuring performance conditions. Accordingly, the construction commencement performance condition will be tested on 2 November 2026.

Directors' report

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The Directors of Arafura Rare Earths Limited present the Remuneration Report for the Group for the year ended 30 June 2026. This Remuneration Report forms part of the Directors' Report and has been audited in accordance with the Corporations Act 2001.

Key Management Personnel (KMP)

The Group's KMP for the year ended 30 June 2026 are listed in Table 3 and consist of the Executive KMP and Non-Executive Directors (**NED**) who are accountable for planning, directing and controlling the affairs of the Company.

Table 3: KMP during FY2026

Name	Position	Period as KMP during FY2026
Executive KMP		
Darryl Cuzzubbo	Managing Director & CEO	All of FY2026
Peter Sherrington	Chief Financial Officer	All of FY2026
Tommie van der Walt	Chief Projects Officer	All of FY2026
Non-Executive Directors		
Mark Southey	Independent Chair	All of FY2026
Cathy Moises	Independent NED	All of FY2026
Roger Higgins	Independent NED	All of FY2026
Michael Spreadborough	Independent NED	All of FY2026
Ian Murray	Independent NED	All of FY2026

Remuneration Governance

The People, Remuneration and Nomination Committee is a Committee of the Board. It is primarily responsible for making recommendations to the Board on:

- the over-arching executive remuneration framework,
- operation of the incentive plans which apply to the executive team, including key performance indicators and possible performance hurdles,
- remuneration levels of Executive Directors and other KMP,
- Non-Executive Dir ectors' fees.

Its objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company and its shareholders. Further information is provided within the Remuneration Report.

The Remuneration Report is set out under the following main headings:

1. Remuneration Strategy
2. Company Performance and Executive KMP Remuneration
3. Non-Executive Director Remuneration
4. Executive KMP Employment Arrangements
5. Additional information

Voting and comments made at the Group's FY2025 Annual General Meeting (AGM)

Arafura Rare Earths Limited received more than 96% of "for" votes on its Remuneration Report for the year ended 30 June 2025.

The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

1 Remuneration Strategy

For the year ended 30 June 2026, all compensation arrangements for Directors and the Group's Executives were determined at Board level after taking into account the competitive rates prevailing in the market. Independent external benchmarking was used to determine the structure of the remuneration framework, the relative mix of fixed and at-risk and the absolute levels of incentive opportunities with reference to peer group companies with similar scale and risk profiles. They are set to attract and retain Executives capable of delivering the Group's strategic vision.

Remuneration of Non-Executive Directors is determined by the Board within the aggregate amount approved by shareholders. The Board undertakes an annual review of its performance. No bonuses are paid to Non-Executive Directors.

The Group's Executive remuneration framework aligns Executive remuneration with the achievement of strategic objectives and the creation of value to shareholders and conforms to market practice for delivery of reward. The Board ensures that Executive remuneration is competitive, reasonable, aligned with performance and acceptable to shareholders.

1.1 Remuneration Framework

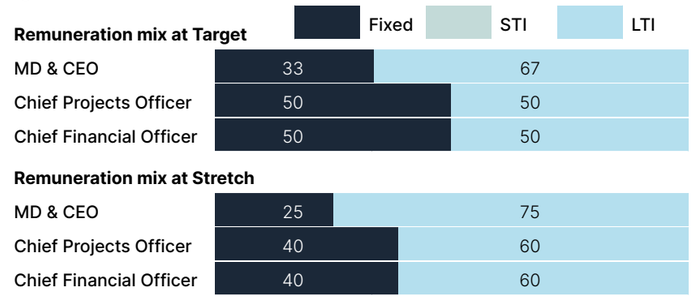
The Executive pay and reward framework has three components which comprise the Executive's total remuneration:

- Total Fixed Remuneration (**TFR**)
- Short-Term Incentives (**STI's**):
- Long-term Incentives (**LTI's**):

1.1.1 Remuneration mix

The mix of fixed and at-risk remuneration varies depending on the role of Executives as well as the performance of the Company and individual Executives. More senior positions have a greater proportion of at-risk remuneration. If "at target" and "at maximum" at-risk remuneration is earned the ratios of fixed to at-risk remuneration for KMP would be as follows:

Figure 6: 2026 Executive KMP Remuneration Mix



[1]*Performance conditions apply to STI and LTI plans*

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1.1.2 Total Fixed Remuneration (TFR)

What is included in TFR?

An Executive KMP's TFR comprises salary, certain other benefits (including statutory superannuation contributions) and salary sacrificed benefits (provided that no extra cost is incurred by the Company for these benefits).

When and how is TFR reviewed?

TFR is reviewed annually. Any adjustments to the TFR for the Managing Director & CEO and other Executive KMP must be approved by the Board after recommendations from the People, Remuneration and Nomination Committee. Market benchmarking of Executive remuneration was conducted in FY2026, mindful of the need to continue to retain our key employees in a competitive market whilst staying alert to the need to manage the cost base of the organisation.

Are there any changes to how TFR is determined?

No changes to our approach to determine TFR were implemented in FY2026. We will continue to review our Executive remuneration levels annually to ensure we attract, motivate and retain Executives with the requisite skills and experience to deliver the next stage of the Company's growth.

1.1.3 Short-term Incentives (STI's)

Short-term incentives are used to encourage and reward the performance of Group Executives and senior management for their role in achieving corporate objectives.

Why does the Board consider that an STI is an appropriate element of remuneration?

The purpose of an STI is to ensure that the award of a significant proportion of the total reward package is subject to meeting various targets linked to Arafura's business objectives. An STI is considered to be an appropriate component of the total reward package as it:

- ensures that a significant portion of the total remuneration package is linked to the achievement of various targets linked to Arafura's business objectives and value creation for all stakeholders;
- avoids the necessity of much higher levels of TFR and is designed to focus and motivate employees to achieve outcomes linked to Arafura's success;
- is consistent with contemporary remuneration governance standards and guidelines; and
- is consistent and competitive with current practices across comparable companies.

How is the STI structured to reward exceptional performance

The STI plan is designed to reward Executive KMP for the achievement of identified objectives at any point in between threshold and maximum performance levels.

- Threshold performance represents the minimum level of performance required for an STI award to be paid.
- Target performance represents the achievement of planned or budgeted performance, set at a challenging level.
- Maximum performance represents outstanding performance, set at a stretch level.

How is performance assessed?

The People, Remuneration and Nomination Committee is responsible for setting the annual threshold, target and stretch measures and assessing whether the targets linked to the STI are met.

How is the STI settled?

STI's are settled in a mixture of cash and performance rights, with such performance rights being subject to various performance conditions.

Was an STI offered in FY2026?

No STI's were offered to Executive KMP's in FY2026 due to the targeted one-year performance window of the FY2026 Long-Term Incentive plan.

Is an STI intended to be offered in FY2027?

Yes. A Short-Term Incentive is intended to be offered with 50% of the earning opportunity based on performance against Company Goals and 50% on performance against Individual Goals. Once Company Goals are approved by the Board they are cascaded into Individual Goals for each Executive KMP, ensuring alignment of focus throughout the organisation. Following assessment against Company and Individual Goals the awarded STI for the MD & CEO will be settled 100% through the award of performance rights which will vest subject to fulfilment of a further one-year service condition with the Company. The awarded STI for remaining Executive KMP's will be settled 50% in cash and 50% through the award of performance rights which will vest subject to fulfilment of a further one-year service condition with the Company.

What is the earning opportunity of the STI intended to be offered in FY2027?

The earning opportunities for FY2027 have been determined by the Board as per Table 4, taking into account benchmark data provided by independent remuneration consultants GRG.

Table 4: The Target and Maximum STI earning opportunity for Executive KMP in FY2027

Executive KMP	STI Target[1] Opportunity as a % of TFR	STI Stretch Opportunity as a % of TFR
MD & CEO	100%	150%
Chief Projects Officer	65%	97.5%
Chief Financial Officer	65%	97.5%

1.1.4 Long-term Incentives (LTI's)

Long-term variable remuneration aligned to performance is designed for Group Executives, senior management and staff for their role in achieving corporate objectives and is directly linked to the progressive derisking of the organisation and creation of shareholder value.

Long-Term incentives are provided as options or performance rights issued either under the terms and conditions of the Arafura Incentive Plan or otherwise under the terms and conditions determined at the time of issue by the Board.

Why does the Board consider that an LTI is an appropriate element of remuneration?

It is the view of the Board that an appropriately structured LTI;

- focuses and motivates Executives to achieve superior longer term performance outcomes,
- ensures that business decisions and strategic planning take into account the Group's long-term performance,
- is consistent with contemporary remuneration governance standards and guidelines,
- is consistent and competitive with current practices across comparable companies, and
- creates an ownership mindset amongst Executives, aligning them with shareholders by linking a substantial portion of their potential total reward to the successful delivery of the Nolans Project and the creation of shareholder value.

How is the award delivered?

Awards under the LTI are granted using options or performance rights.

Options

Incentive options currently on issue in Arafura Rare Earths Limited were granted by the Board under the now replaced Arafura Employee Option Plan, the issue of securities under which was approved by shareholders at the 2020 Annual General Meeting. Options were granted for no consideration.

Options were subject to a vesting condition which required three years of continuous service, at which point the option could be exercised at any time before the expiry date. On payment of the relevant exercise price, one ordinary share in the Company is issued on exercised of each option.

The options expire on the earlier of their expiry date or one month after resignation of the employee (whether vested or not) or upon termination of their employment (unless the Board decides otherwise).

Was a grant of options made in FY2026?

No offers of options were made during FY2026 under any incentive plan.

Performance rights

Performance rights in Arafura Rare Earths Limited are granted by the Board under the Arafura Rare Earths Limited Incentive Plan (**Plan**). The issue of securities under the Plan was approved by shareholders at the 2023 Annual General Meeting.

Performance rights are issued for no monetary consideration and vest according to a set of performance conditions being met.

[1] *Threshold opportunity is 75% of Target. Stretch opportunity is 150% of Target.*

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Subject to the ASX Listing Rules, the Board has ultimate discretion as to whether the conditions have been met.

Was a grant of performance rights made in FY2026?

Yes. As detailed in Table 5 a grant was made to all Executive KMP (including the Managing Director and CEO). The performance period for the FY2026 LTI grant was 01 July 2025 to 30 June 2026 (except as otherwise stated) with threshold, target and stretch performance conditions. The shorter than normal performance period reflected the absence of a Short-Term Incentive in FY2026, the unique conditions facing the Company in the pre-FID period and the need for a singular focus on securing the remaining equity funding and accelerating construction readiness. The number of performance rights granted to each Executive was calculated as their LTI dollar maximum opportunity divided by $0.20[1].

What was the value of the LTI opportunity?

See Table 5.

Table 5: FY2026 LTI Maximum Earning Opportunities for Executive KMP

Executive KMP	FY2026 TFR	LTI Target Opportunity as a % of TFR	Reference Price[1]	LTI Stretch (Maximum) Opportunity as a % of TFR	2026 LTI Grant Rights[2]
MD & CEO	$709,234	200%	$0.20	300%	10,638,510
Chief Projects Officer	$583,569	100%	$0.20	150%	4,376,768
Chief Financial Officer	$514,484	100%	$0.20	150%	3,858,630

What are the performance and service conditions?

In order for performance rights issued under the FY2026 LTI grant to vest, the performance conditions referred to below need to be met. The testing date for all performance conditions apart from two individual Construction Readiness conditions noted in Table 10 and 11 is 30 June 2026.

Table 6: FY2026 LTI Performance Conditions and weightings for Executive KMP

	2026 LTI Weighting		
Performance Conditions	MD & CEO	Chief Financial Officer	Chief Projects Officer
Capital Costs	25%	25%	34%
Equity Funding	45%	50%	33%
Construction Readiness	30%	25%	33%

In the event that the total shareholder return of the Company for FY2026 is negative[3], the Board reserved the right to forfeit up to 50% of all vested performance rights for the ELT.

The performance conditions for the FY2026 offer are set out in further detail on the next page.

A. Capital Costs

The Board recognises that a decision to test market pricing, in lieu of executing binding contracts preserved Arafura's commercial optionality until a Final Investment Decision was achieved. To offset the level of uncertainty and therefore risk carried with this decision, identification of further capital cost reduction opportunities was deemed by the Board to be an appropriate performance measure. Performance rights in respect to this performance condition vest in accordance with Table 7.

[1]$0.20 being the 5-day volume weighted average price (VWAP) of the Company's Shares that was utilised for the purposes of the grant of the FY2024 performance rights to employees (which were cancelled at the Company's 2025 Annual General Meeting).

[2]Granted at maximum earning opportunity (being TFR x maximum earning opportunity). Actual vesting is dependent upon achievement against performance conditions as approved by shareholders at the October 2025 AGM (for the Managing Director and CEO). 6,914,713 performance rights vested to the CEO, 2,688,037 vested to the CFO and 2,933,774 performance rights vested to the CPrO (350,142 remains unvested).

[3]Total shareholder return for FY2026, calculated as the difference between the Company's 30-day VWAP to 30 June 2026 and 30-day VWAP to 30 June 2025 was 57.24%

Table 7: Performance rights vesting according to total forecast capital costs

Total forecast capital costs relative to July 2024 Announcement[1]		Proportion of performance rights that vest
< Threshold		Nil
Threshold	Total forecast capital costs = July 2024 Announcement	33.33%
Target	Total forecast capital costs < July 2024 Announcement by 2.5%	66.66%
Stretch	Total forecast capital costs < July 2024 Announcement by 5% or more	100%

- Where performance is between the Threshold and Target hurdle for the above Performance Condition: 33.33% plus a straight-line increase in percentage until the Target hurdle is achieved; and
- Where performance is between the Target and Stretch hurdle for the above Performance Condition: 66.66% plus a straight-line increase in percentage until the Stretch hurdle is achieved.

B. Equity Funding

Securing Long-Term strategic cornerstone equity investment is central to the Nolans funding strategy and was deemed by the Board to be an appropriate performance measure as it benefits shareholders through minimisation of dilutive open market equity raises. Performance rights in respect to this performance condition vest in accordance with Table 8.

Table 8: Performance rights vesting according to equity funding secured

Securing of cornerstone equity investment		Proportion of performance rights that vest
< Threshold		Nil
Threshold	50% cornerstone equity investment conditionally secured and announced to ASX	33.33%
Target	75% cornerstone equity investment conditionally secured and announced to ASX	66.66%
Stretch	All equity funding is unconditionally secured and announced to ASX.	100%

- Where performance is between the threshold and target hurdle for the above Performance Condition: 33.33% plus a straight-line increase in percentage until the target hurdle is achieved; and
- Once the target hurdle is achieved, no further vesting will occur until the stretch hurdle is fully achieved.

C. Construction Readiness

Accelerating the readiness of the team to commence construction once FID was made was deemed by the Board to be an appropriate performance measure as it readied the organisation to transition from a focus on funding to a focus on construction, thereby derisking the Nolans Project for shareholders. Performance rights in respect to this performance condition were tailored to each Executive KMP and vest in accordance with the following tables. The testing date for all performance conditions apart from the two conditions noted in Table 10 and 11 is 30 June 2026.

C.(i): Construction Readiness Performance Conditions for the MD and CEO (total weight 30%)

Table 9: Performance rights vesting according to construction readiness (Managing Director and CEO)

Threshold | 33.33% vesting	Target | 66.66% vesting	Stretch | 100% vesting	% weight
Nolans Project Prime Construction Contract ready for award one month post FID.	Nolans Project Prime Construction Contract ready for award at FID.	Nolans Project Prime Construction Contract ready for award two months before FID.	15%
Contracting/Execution strategies for sub- contractors ready to execute one month post FID.	Contracting/Execution strategies for sub- contractors ready to execute at FID.	Contracting/Execution strategies for sub- contractors ready to execute two months before FID.	15%

[1]The CAPEX base measurement being that shown in the Nolans Project financial model update in the announcement released to ASX on 23 July 2024 entitled "Arafura achieved major debt funding milestone" (July 2024 Announcement), as adjusted for escalation and any scope changes that have been approved by the Board and announced to ASX.

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- Where performance is between the threshold and target hurdle for the above Performance Conditions: 33.33% plus a straight-line increase in percentage until the target hurdle is achieved; and
- Where performance is between the target and stretch hurdle for the above Performance Conditions: 66.66% plus a straight-line increase in percentage until the stretch hurdle is achieved.

C (ii): Construction Readiness Performance Conditions for the Chief Financial Officer (total weight 25%)

Table 10: Performance rights vesting according to construction readiness (Chief Financial Officer)

Threshold | 33.33% vesting	Target | 66.66% vesting	Stretch | 100% vesting	% weight
>50% of equity funding required is conditionally secured as cornerstone investment.	>60% of equity funding required is conditionally secured as cornerstone investment.	>70% of equity funding required is conditionally secured as cornerstone investment.	10%
Key project financing documents (Contractual Close) advanced with all material commercial terms and conditions agreed with the lender group. Advanced contingency plan in place to access additional debt in the event a lender leaves the Project funding syndicate.	Key project financing documents (Contractual Close) are agreed and executed with all lenders within 40 working days of FID.[1]	Key project financing documents (Contractual Close) are agreed and executed with all lenders within 20 working days of FID.	10%
Strategy and implementation plan prepared (identifying all key finance systems and resources required).	Strategy and implementation plan prepared (identifying all key finance systems and resources required). Clear and demonstrable pathway to finance systems being operational within three months after FID.	Strategy and implementation plan prepared (identifying all key finance systems and resources required) and assessed as exceeding expectations. Clear and demonstrable pathway to finance systems being operational by FID.	5%

- Where performance is between the threshold and target hurdle for the above Performance Condition: 33.33% plus a straight-line increase in percentage until the target hurdle is achieved; and
- Where performance is between the target and stretch hurdle for the above Performance Condition: 66.66% plus a straight-line increase in percentage until the stretch hurdle is achieved.

C (iii): Construction Readiness Performance Conditions for the Chief Projects Officer (total weight 33%)

Table 11: Performance rights vesting according to construction readiness (Chief Projects Officer)

Threshold | 33.33% vesting	Target | 66.66% vesting	Stretch | 100% vesting	% weight
Nolans Project Prime Construction Contract ready for award one month post FID.	Nolans Project Prime Construction Contract ready for award at FID.	Nolans Project Prime Construction Contract ready for award two months before FID.	4.5%
Contracting/Execution strategies for sub- contractors ready to execute one month post FID.	Contracting/Execution strategies for sub- contractors ready to execute at FID.	Contracting/Execution strategies for sub- contractors ready to execute two months before FID.	4.5%
Test work and analyses for separation assessment completed by June 2026.	Test work and analyses for separation assessment completed by May 2026.	Test work and analyses for separation assessment completed by April 2026.	8%
Main construction activities commence on site within four months of FID.[2]	Main construction activities commence on site within three months from FID without compromising readiness.	Main construction activities commence on site within one month of FID without compromising readiness.	8%
Go to market commercial strategies ready for execution for critical path equipment and services two weeks after FID.	Equipment procurement strategies meet expectations and ready to execute at FID.	Equipment procurement strategies exceeds expectations and ready to execute ahead of FID.	8%

[1]The contractual close performance condition was to be tested at the later of 30 June 2026 and forty (40) business days post FID. FID was taken subject to achieving all remaining milestones in relation to debt and equity financing required to fully fund the Nolans Project (which included shareholder approval for the issue of securities to the cornerstone investors), with the EGM date of 02 July 2026 taken as the effective point of FID for the purposes of measuring performance conditions. Accordingly, the contractual close performance condition was tested on 27 August 2026.

[2]The construction commencement performance condition was to be tested at the later of 30 June 2026 and four (4) calendar months post FID. Accordingly, the construction commencement performance condition will be tested on 2 November 2026.

- Where performance is between the threshold and target hurdle for the above Performance Conditions: 33.33% plus a straight-line increase in percentage until the target hurdle is achieved; and
- Where performance is between the target and stretch hurdle for the above Performance Conditions: 66.66% plus a straight-line increase in percentage until the stretch hurdle is achieved.

Are there any changes to the LTI proposed for 2027?

Yes. With the planned introduction of a FY2027 Short-Term Incentive Plan it is proposed to amend the LTI performance period to three years and the performance condition for future grants in FY2027 to the sole measure of relative Total Shareholder Return (rTSR) performance of Arafura. The Board considers rTSR to be an appropriate performance measure as it ensures that a proportion of each participant's remuneration is linked to value creation for shareholders and that participants only receive a benefit where there is a corresponding direct benefit to our shareholders as reflected in the relative economic return to shareholders. The performance period for the FY2027 LTI grant will be 01 July 2026 to 30 June 2029.

TSR reflects benefits received by shareholders through share price growth and dividend yield and is the most widely used Long-Term incentive measure in Australia. The TSR will be calculated as part of the reporting processes through an independent organisation. rTSR will be the sole performance condition in FY2027 and will be measured against two comparator groups, with 60% of performance rights linked to rTSR performance against a customised rare earths and critical minerals peer comparator group and 40% of performance rights linked to rTSR performance against the ASX 200 Materials Index. The Materials Index was chosen as it represents a broader (approximately 51 companies as at June 2026) investment opportunity benchmark of companies exposed to many of the same factors as the rare earths industry, namely commodity cycles, China exposure, geopolitical risk, mining sector sentiment and investors appetite for resources equities.

Table 12: Potential performance rights vesting according to relative Total Shareholder Return.

TSR of Arafura Rare Earths relative to TSR's of nominated peer groups	Proportion of performance rights that vest
Below 50th percentile	Nil
50th percentile	50%
Between 50th and 75th percentile	Straight line vesting between 50% and 100%
75th percentile or above	100%

The rTSR performance condition accounts for 100% of the FY2027 LTI plan award.

What is the Peer Comparator Group?

The comparator companies selected for the FY2027 LTI plan are considered to be alternative investment vehicles for local and global investors seeking exposure to rare earths and critical minerals. They are impacted by commodity prices and cyclical factors in a similar way to Arafura Rare Earths and are comprised of a mix of both developers and producers.

Company
Lynas Rare Earths (ASX: LYC)
MP Materials (NYSE: MP)
Illuka Resources (ASX: ILU)
Lithium Americas Corp (NYSE: LAC)
Vulcan Energy Resources (ASX: VUL)
Sunrise Energy Metals (ASX: SRL)
Lindian Resources (ASX: LIN)
NioCorp Developments Ltd (NASDAQ: NB)
Pensana Rare Earths (LSE: PRE)
Meteoric Resources (ASX: MEI)
Ioneer Ltd (ASX: INR)
Northern Minerals (ASX: NTU)
Hastings Technology Metals (ASX: HAS)
VHM (ASX: VHM)

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What happens to performance rights granted under the LTI plan when an Executive ceases employment?

If an Executive ceases employment for any reason all incentive securities not exercised will lapse 30 days after they cease to be employed. The Board may, in its absolute discretion, determine that an Incentive Security will not lapse and may remain "on foot" in accordance with the Plan rules and any other conditions of grant.

What happens to performance rights once vested?

Once vested, holders of the performance rights will be restricted from exercising 50% of the vested performance rights into Shares for one year from the vesting date, with the remaining 50% restricted from being exercised for two years from the vesting date (**Restriction Periods**). During the Restriction Periods, the Board reserves the right to forfeit vested performance rights that are subject to a Restriction Period in the event of material changes in the Nolans Project's capital and operating costs since the date of vesting where such material changes are deemed by the Board to have been within the control of the Company. Subject to the Restriction Periods, participants will have 15 years from the grant date to exercise vested performance rights into shares. Vested performance rights not exercised within this period will lapse.

What happens in the event of a change of control?

In the event of certain change of control transactions regarding the Company, the Board has the discretion to determine that vesting of all or some of the performance rights should be accelerated. The treatment of performance rights is set out in the Arafura Rare Earths Incentive Plan Rules.

Is there any ability for the Company to "clawback" LTI awards?

In the event of fraud, dishonesty or a breach of the participants or relevant person's obligations to the Company the Board may determine that both unvested and vested incentive securities not exercised be forfeited. In addition, the Board reserves the right to forfeit vested performance rights during the Restriction Periods in the event of material changes in the Nolans Project's capital and operating costs since the date of vesting where such material changes are deemed by the Board to have been within the control of the Company. In the event that the total shareholder return of the Company for FY2026 is negative,[1] the Board also reserves the right to forfeit up to 50% of all vested performance rights.

1.1.5 Use of remuneration consultants

The Board of Directors and the People, Remuneration and Nomination Committee seek and consider advice from independent remuneration consultants to ensure that they have all of the relevant information at their disposal to determine Executive KMP remuneration. Remuneration consultant engagement is governed by internal protocols that set the parameters around the interaction between Management and consultants to minimise the risk of any undue influence and ensure compliance with the Corporations Act 2001.

The Board and the People, Remuneration and Nomination Committee use remuneration consultants' advice and recommendations from time to time. The Board makes its decisions after it considers the issues and the advice from the People, Remuneration and Nomination Committee and consultants. During the year ended 30 June 2026 GRG were engaged to provide market data for the purposes of benchmarking Executive and Non-Executive Director fees for which a fee of $12,000 plus GST was paid. This work did not constitute a remuneration recommendation in accordance with the Corporations Act 2001. GRG were also engaged to provide market data and advice on executive remuneration for which a fee of $17,000 plus GST was paid. The analysis and insight from GRG was considered by the Board and People, Remuneration and Nomination Committee in forming their views on remuneration matters.

2 Company Performance and Executive KMP Remuneration Outcomes

A summary of the Group's earnings and movements in share price over the last five years is detailed below:

Table 14: Group Earnings and Share Price Movement

	2026	2025	2024	2023	2022
Loss for the year attributable to owners of Arafura Rare Earths Limited ($'000)	(41,086)	(19,242)	(100,974)	(96,380)	(35,558)
Basic loss per share (cents)	(1.05)	(0.79)	(4.56)	(5.05)	(2.33)
Increase/(decrease) in share price	40%	0%	(43%)	7%	128%

[1] *Total shareholder return is calculated as the difference between the Company's 30-day VWAP to 30 June 2026 and 30-day VWAP to 30 June 2025.*

Our remuneration framework is designed to reward Executives for the creation of value for our shareholders. We recognise the importance of clearly demonstrating the link between business performance and value creation over time and Executive remuneration outcomes.

In FY2026 Arafura;

- Executed a binding term sheet for 500tpa offtake of NdPr oxide with Traxys North America
- Executed binding cornerstone subscription agreements with Export Finance Australia, the National Reconstruction Fund Corporation and the German Raw Materials Fund
- Commenced ramp up to site-based construction activity with the early engagement of Hatch as the Arafura Engineering, Procurement and Construction Management (**EPCM**) contractor
- Achieved a Final Investment Decision for the Nolans Project

2.1 STI performance and outcomes

2.1.1 FY2026 STI

No STI's formed part of the remuneration framework for Executive KMP's for the year ended 30 June 2026.

2.2 LTI performance and outcomes

2.2.1 Options

No options were converted into shares by KMP during the year ended 30 June 2026. No grants of options were made during the year ended 30 June 2026.

2.2.2 FY2026 LTI performance and outcomes[1]

The FY2026 Incentive Plan was designed to create a singular focus on securing all remaining equity funding and accelerating construction readiness. Material progress was made over the course of the year under the Company's comprehensive, multi-year financing and offtake strategy culminating in the Board's Final Investment Decision being taken on 21 May 2026[2] delivering a long-awaited milestone for Arafura and its stakeholders and a total shareholder return[3] of 57.24%.

Binding commitments from sovereign-backed institutions across four nations and cornerstone investors resulted in 89% of the required base case equity being conditionally secured.

Early engagement of Hatch as the Engineering, Procurement and Construction Management (**EPCM**) contractor and completion of all contracting and procurement strategies allowed the efficient ramp up towards site-based construction activity with the Company targeting commencement of construction from September 2026. Ion exchange and separation test work designed to assess targeted opportunities to enhance the Nolans flowsheet and heavy rare earths separation continued to plan.

During the period, the Company identified the potential for capital expenditure reductions in excess of 5% against the baseline 2024 capex[4]. The identified reductions remain subject to revalidation as the Company negotiates construction supply and procurement contracts and represents potential capital reductions only. It does not reflect market pricing, which was deferred until a Final Investment Decision was taken in order to preserve Arafura's commercial optionality. Recognising the potential market pricing pressures, the Board has exercised discretion, reducing the vesting of the Capital Costs performance condition downwards to 80% of maximum[5]. The Board reserves the right to forfeit vested performance rights during the restricted periods in the event of material changes in the Nolans Project's capital and operating costs since the date of vesting where such material changes are deemed by the Board to have been within the control of the Company.

[1] *Performance rights granted under the Arafura Rare Earths Incentive Plan are granted for no consideration and carry no dividend or voting rights. One ordinary share in the Company will be allocated on vesting of a performance right.*

[2] *FID was taken subject to achieving all remaining milestones in relation to debt and equity financing required to fully fund the Nolans Project with the EGM date of 02 July 2026 being taken as the effective point of FID for the purposes of measuring achievement against performance conditions.*

[3] *Total shareholder return for FY2026 is calculated as the difference between the Company's 30-day VWAP to 30 June 2026 and 30-day VWAP to 30 June 2025.*

[4] *The CAPEX base measurement being that shown in the Nolans Project financial model update in the July 2024 Announcement, as adjusted for escalation and any scope changes that have been approved by the Board and announced to ASX.*

[5] *The Board retains discretion to lapse vested rights during the restricted periods in the event of future material changes to the Nolans Project capex costs where such changes are deemed to have been within the control of the Company.*

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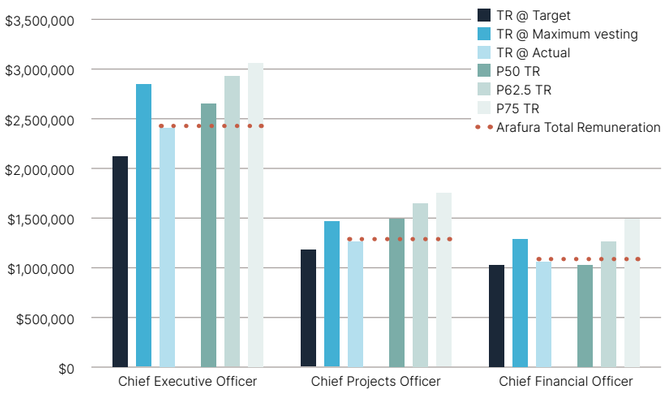
Table 15: Performance against FY2026 LTI performance conditions

Performance Condition	Weight: MD & CEO	Weight: CPrO	Weight: CFO	Below Threshold 0%	Threshold Performance 33.33%	Target Performance 66.66%	Maximum Performance 100%
Tested Performance Conditions							
Capital costs[1]	25%	34%	25%				
Equity funding[2]	45%	33%	50%				
EPCM prime contract[3]	15%	4.5%					
Contracting strategy[4]	15%	4.5%					
Ion Exchange[5]		8%					
Procurement strategy[6]		8%					
Cornerstone investment[7]			10%				
Contractual close[8]			10%				
Finance systems[9]			5%				
Untested Performance Conditions							
Construction commencement[10]		8%					

Should the remaining untested performance condition vest at Target total actual remuneration in FY2026 is estimated to be at 79% of P50 in the market for the MD & CEO, at 81% of P50 in the market for the Chief Projects Officer and at 104% of P50 in the market for the Chief Financial Officer.

Figure 7: Estimated FY2026 KMP Total Remuneration[11] against market[12]



[1]Capex improvements June 2024 to April 2026 presented to Board 14 May 2026

[2]Entry into binding cornerstone subscription agreements announced to the market 25 May 2026. All cornerstone equity commitments were subject to the satisfaction of a number of conditions, including approval by shareholders (which was obtained at the EGM held on 02 July 2026). The final capital raise to fully fund the Project was launched on 22 May 2026 and completed in July 2026. As there is no straight-line vesting between Target and Stretch for the equity funding performance condition the Board determined achievement of this performance condition to be at Target.

[3]Threshold performance conditions not met.

[4]Contracting execution strategies agreed 26 January 2026 and presented to Project Advisory Committee 13 May 2026.

[5]Test work and analyses for separation assessment completed and presented to the Board 14 May 2026.

[6]Procurement strategy presented to Board 14 May 2026.

[7]Final Book reports for capital raises August 2025, October 2025 and May 2026 and ASX announcements in relation to EFA (1 April 2026), GRMF (1 April 2026) and NRFC (15 January 2026) binding agreements confirmed cornerstone institutions as comprising 89% of base case equity (excluding the $150M additional capital raised).

[8]All material project financing documents reviewed and approved by Board as ready for execution 17 June 2026

[9]Key Finance Systems Strategy and Implementation Plan 04 May 2026.

[10]The Board anticipates this measure to be on track for achievement of the target performance condition which will be tested at 02 November 2026, 4 months post FID. Actual vesting may be lower.

[11]Total Remuneration consists of TFR + STI + LTI

[12]Independent GRG benchmarking was undertaken using a Market Capitalisation Group of 16 companies with 8 larger and 8 smaller than Arafura's post funding estimated capitalisation of $1.5B. Benchmarking was carried out on June 2025 data and adjusted by 3.5% to reflect average market movement in last twelve months.

2.3 LTI Awards on foot

Options

For options affecting Executive KMP remuneration in current or future reporting periods, 100% of each tranche vests and is exercisable in accordance with the table below.

Table 16: LTI Awards (Options) on Foot

Grant date	Date vested and exercisable	Expiry date	Exercise price	Model option value	% Vested
5-Sep-22	5-Sep-25	5-Sep-26	$0.43	$0.174	100%
28-Feb-23	28-Feb-26	28-Feb-27	$0.93	$0.380	100%

Incentive options currently on issue in Arafura Rare Earths Limited were granted by the Board under the now replaced Arafura Employee Option Plan, the issue of securities under which was approved by shareholders at the 2020 Annual General Meeting. Options were granted for no consideration.

Options were subject to a vesting conditions which required three years of continuous service, at which point option could be exercised at any time before the expiry date. On payment of the relevant exercise price, one ordinary share in the Company is issued on exercised of each option. The option expire on the earlier of their expiry date or one month after resignation of the employee (whether vested or not) or upon termination of their employment (unless the Board decides otherwise).

The assessed fair value at grant date of the options given to individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables in this report. Fair values at grant date are determined using the Black Scholes option pricing model that take into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share and the risk-free interest rate of the term of the option. The options are probability weighted for management's best estimate of staff turnover taking into account the period of time to vesting date.

Performance Rights

For performance rights affecting Executive KMP remuneration in the current or future reporting period, each tranche vests and is exercisable in accordance with Table 22.

The assessed fair value at grant date of the performance rights given to individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables in this report. Fair values at grant date are determined based on the market price of the Company's shares at grant date. The performance rights are probability weighted for management's best estimate of achieving the attaching performance conditions.

2.4 KMP Remuneration

Details on the remuneration of KMP of the Group (as defined in AASB 124: Related Party Disclosures) are set out in the following tables.

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Table 17: Actual FY2026 remuneration paid to Key Management Personnel

	Short–term benefits			Post–employment benefits	Long-term benefits		Share-based payments		
2026	Cash salary and fees	Bonus	Non-monetary benefits	Super-annuation	Long service leave	Termination benefits	Options and performance rights	Total	Performance based
Name	$	$	$	$	$	$	$	$	%
Non-Executive Directors									
M Southey	179,732	-	-	21,568	-	-	-	201,300	-
C Moises	102,679	-	-	12,321	-	-	-	115,000	-
R Higgins	115,000	-	-	-	-	-	-	115,000	-
M Spreadborough	102,679	-	-	12,321	-	-	-	115,000	-
I Murray	115,000	-	-	-	-	-	-	115,000	-
Executive Directors									
D Cuzzubbo	679,234	-	10,016	30,000	33,740	-	1,970,693	2,723,683	72%
Other KMP									
P Sherrington	484,484	-	-	30,000	3,175	-	411,731	929,390	44%
T van der Walt	553,569	-	-	30,000	9,227	-	807,630	1,400,426	58%
Total	**2,332,376**	**-**	**10,016**	**136,210**	**46,142**	**-**	**3,190,054**	**5,714,798**	**56%**

Table 18: Actual FY2025 remuneration paid to Key Management Personnel

	Short–term benefits			Post–employment benefits	Long-term benefits		Share-based payments		
2025	Cash salary and fees	Bonus	Non-monetary benefits	Super-annuation	Long service leave	Termination benefits	Options and performance rights	Total	Performance based
Name	$	$	$	$	$	$	$	$	%
Non-Executive Directors									
M Southey	154,798	-	-	17,802	-	-	-	172,600	-
C Tonkin[1]	6,726	-	2,339	774	-	-	-	9,839	-
C Moises	80,718	-	-	9,282	-	-	-	90,000	-
R Higgins	90,000	-	-	-	-	-	-	90,000	-
M Spreadborough	80,718	-	-	9,282	-	-	-	90,000	-
I Murray[2]	65,247	-	-	7,503	-	-	-	72,750	-
Executive Directors									
D Cuzzubbo	662,668	-	8,058	29,932	11,575	-	-	712,233	-
Other KMP									
P Sherrington	472,668	-	-	29,932	9,060	-	340,747	852,407	40%
T van der Walt[3]	245,800	-	-	14,966	-	-	-	260,766	-
S Macnaughton[4]	250,034	-	-	17,362	-	7,002	-	274,398	-
Total	**2,109,377**	**-**	**10,397**	**136,835**	**20,635**	**7,002**	**340,747**	**2,624,993**	**40%**

[1]Mr Tonkin resigned as Non-Executive Director on 26 July 2024.
[2]Mr Murray was appointed as Non-Executive Director on 10 September 2024.
[3]Mr van der Walt was appointed as Chief Projects Officer on 20 January 2025.
[4]Mr Macnaughton resigned as Chief Operating Officer on 31 December 2024.

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3 Non-Executive Director Remuneration

Fees and payments to Non-Executive Directors reflect the demands that are made on, and the responsibilities of the Directors. Independent remuneration consultants GRG were engaged in November 2025 to undertake a comprehensive assessment of the Non-Executive Director fee structure and market positioning. Non-Executive Directors' remuneration was found to sit significantly below P25 and consisted of Base Fees only which were last adjusted in FY2022 from $78,000 to $90,000 being the first change to Base Fees since FY2011. Base fees were amended from 01 January 2026 to $110,000. An additional committee fee of $30,000 was introduced comprised of a $15,000 Committee Chair fee and a $15,000 universal committee membership fee of $15,000.

The Chair's fee is determined independently to the fees of Non-Executive Directors based on comparative roles in the external market. In FY2023 there was an increase in the Chair's Base Fee from $151,200 to $172,600. This was the first change in Base Fee for the Chair since FY2013. Chair remuneration was found by GRG to sit slightly below P25 of the market. The Chair fee was amended to $230,000 from 01 January 2026. No separate committee fee is paid to the Chair.

The adjustments bring the annualised spend on Non-Executive Directors' fees to $790,000 which remains within the current shareholder approved aggregate fee pool limit of $1,000,000 per annum.

Table 19: Details of Board fees and payments

Fees	Year ended 30 June 2026	Year ended 30 June 2025	Year ended 30 June 2024
Base Fees			
Chair	$230,000	$172,600	$172,600
Other Non-Executive Directors	$110,000	$90,000	$90,000
Committee Fees[1]			
Committee chair	$15,000	N/A	N/A
Committee member[2]	$15,000	N/A	N/A

The above fees are per annum and include superannuation.

The Non-Executive Directors do not receive retirement allowances or performance-based bonuses.

There is no direct link between remuneration paid to any Non-Executive Directors and corporate performance as Arafura expects Non-Executive Directors to carry out their duties to the best of their ability. There is no termination, retirement or accumulating and vesting annual leave benefits for Non-Executive Directors.

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office or Director.

[1]Excluding Chair of the Board

[2]Capped at one payment of $15,000 irrespective of number of Committee member roles held.

4 Executive KMP Employment Arrangements

Remuneration and other terms of employment for the Managing Director & CEO and other KMP are formalised in service agreements. Each of these agreements provide for the provision of performance-related cash bonuses and other benefits including participation where eligible in Arafura Incentive Plans. Other major provisions of the agreements relating to remuneration are set out below for the year ended 30 June 2026:

Table 20: Executive KMP Employment Arrangements

Name	Contract term	FY2026 TFR $	Notice Period	Termination Benefit
Current				
Darryl Cuzzubbo Managing Director and CEO	Permanent – ongoing until notice given by either party.	$709,234	Six months' notice by either party. Company may elect to make payment in lieu of notice. No notice period required for termination by Company for cause.	Six months fixed remuneration in the case of termination by the Company, excluding termination for cause.
Tommie van der Walt Chief Projects Officer	Permanent – ongoing until notice given by either party.	$583,569	Six months' notice by either party. Company may elect to make payment in lieu of notice. No notice period required for termination by Company for cause.	Three months fixed remuneration in the case of termination by the Company, excluding termination for cause.
Peter Sherrington Chief Financial Officer	Permanent – ongoing until notice given by either party.	$514,484	Three months' notice by either party. Company may elect to make payment in lieu of notice. No notice period required for termination by Company for cause.	Six months fixed remuneration in the case of termination by the Company, excluding termination for cause.

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5 Additional information

5.1 Other transactions with KMPs

There were no loans or other transactions made to Executive KMP, NEDs or their related parties during the year ending 30 June 2026.

5.2 Movements in equity interests of KMPs

Table 21: Movements in option interests of KMP for 30 June 2026

Name	Balance at start of the year	Granted as compensation	Exercised	Other changes (expiry)	Balance at end of year	Vested during the year	Vested and exercisable at end of year
Directors of Arafura Rare Earths Limited							
M Southey	-	-	-	-	-	-	-
D Cuzzubbo	-	-	-	-	-	-	-
C Moises	-	-	-	-	-	-	-
R Higgins	-	-	-	-	-	-	-
M Spreadborough	-	-	-	-	-	-	-
I Murray	-	-	-	-	-	-	-
KMP of the Group							
P Sherrington	1,824,000	-	-	(880,000)	944,000	944,000	944,000
T van der Walt	-	-	-	-	-	-	-
Total	**1,824,000**	**-**	**-**	**(880,000)**	**944,000**	**944,000**	**944,000**

Table 22: Movements in performance rights of KMP for 30 June 2026

Name	Balance at start of the year	Granted as compensation	Exercised	Other changes (expiry)	Balance at end of year	Vested during the year	Vested and exercisable at end of year
Directors of Arafura Rare Earths Limited							
M Southey	-	-	-	-	-	-	-
D Cuzzubbo	-	10,638,510	-	-	10,638,510	-	-
C Moises	-	-	-	-	-	-	-
R Higgins	-	-	-	-	-	-	-
M Spreadborough	-	-	-	-	-	-	-
I Murray	-	-	-	-	-	-	-
KMP of the Group							
P Sherrington	9,000,000	3,858,630	-	(9,000,000)[1]	3,858,630	-	-
T van der Walt	-	4,376,768	-	-	4,376,768	-	-
Total	**9,000,000**	**18,873,908**	**-**	**(9,000,000)**	**18,873,908**	**-**	**-**

[1]Peter Sherrington was issued new performance rights as replacement rights following the cancellation of 9,000,000 performance rights under the Nolans Success Plan. The replacement performance rights were treated as a modification under AASB 2.

Table 23: Movements in share interests of KMP for 30 June 2026

Name	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year (on market trades)	Balance at the end of the year
Directors of Arafura Rare Earths Limited				
M Southey	1,037,900	-	265,037	1,302,937
D Cuzzubbo	637,500	-	789,473	1,426,973
C Moises	363,601	-	-	363,601
R Higgins	500,000	-	107,142	607,142
M Spreadborough	797,500	-	370,299	1,167,799
I Murray	-	-	633,457	633,457
KMP of the Group				
P Sherrington	3,476,799	-	-	3,476,799
T van der Walt	-	-	-	-
Total	**6,813,300**	**-**	**2,165,408**	**8,978,708**

This is the end of the audited Remuneration Report.

Directors' report

Insurance of officers

During the 2025 and 2026 financial years, the Group paid an insurance premium in respect of a Directors' and Officers' Liability Insurance. The insurance premium relates to liabilities that may arise from an officer's position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain personal advantage.

The officers covered by the insurance policies are Directors and officers of the Group.

The contract of insurance prohibits the disclosure of the nature of the liabilities and the amount of premium.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit services

The Directors are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 nor the principles set out in APES110 Code of Ethics for Professional Accountants.

As a result, the Board is satisfied that the auditor is compatible with, and did not compromise, the auditor's independence requirements of the Corporations Act 2001.

As disclosed in Note 18, no fees for non-audit services were paid or payable to the Company's external auditors for the year ended 30 June 2026.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 78.

Signed in accordance with a resolution of the Directors.

Darryl Cuzzubbo
Managing Director and CEO

Mark Southey
Chair

Perth, Western Australia
31 August 2026

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Corporate Governance Statement

The Company has established a corporate governance framework, the key features of which are set out in its Corporate Governance statement which can be found on the Company's website at **arultd.com**, under the section marked "Corporate Governance".

In establishing its corporate governance framework, the Company has referred to the recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4th edition (**Principles & Recommendations**).

The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained it reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

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DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF ARAFURA RARE EARTHS LIMITED

As lead auditor of Arafura Rare Earths Limited for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Arafura Rare Earths Limited and the entities it controlled during the period.

Ashleigh Woodley

Director

BDO Audit Pty Ltd

Perth

31 August 2026

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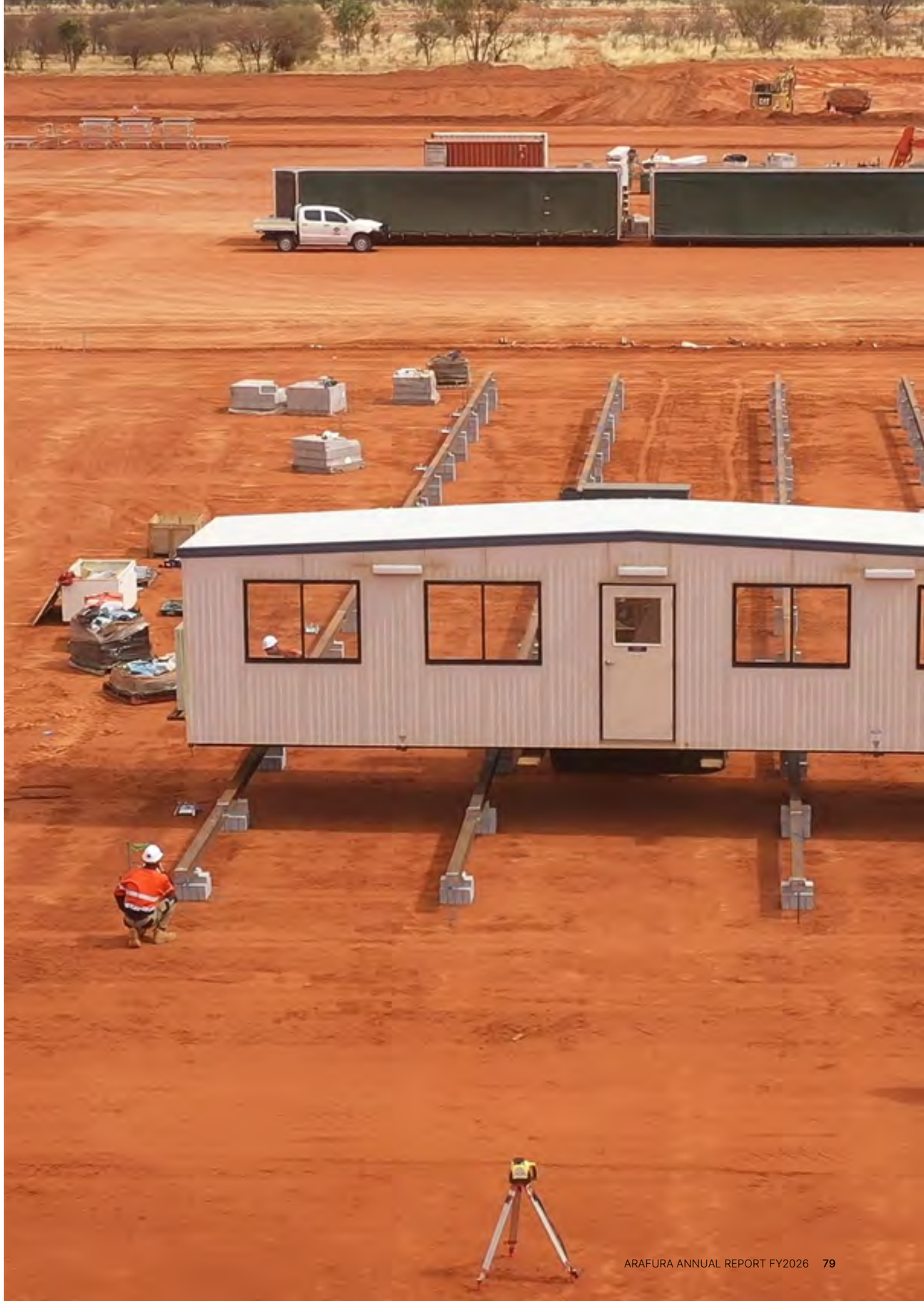

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Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2026

	Notes	2026	2025
		$	$
Other income	4	16,506,161	14,008,325
Employee benefits expense	5(a)	(6,064,459)	(5,503,720)
Project costs expensed	5(b)	(33,936,747)	(18,272,107)
Other expenses	5(c)	(8,765,652)	(7,151,349)
Depreciation and amortisation	5(d)	(481,538)	(677,376)
Finance costs	5(e)	(74,345)	(108,820)
Share-based payments	5(f)	(7,999,287)	(1,051,261)
Impairment of assets	5(g)	(270,528)	(486,029)
Loss before income tax		**(41,086,395)**	**(19,242,337)**
Net loss after income tax for the year		**(41,086,395)**	**(19,242,337)**
Total comprehensive loss for the year attributable to owners of Arafura Rare Earths Limited		**(41,086,395)**	**(19,242,337)**
Loss per share attributable to owners of Arafura Rare Earths Limited			
Basic loss per share (cents per share)	20	(1.05)	(0.79)
Diluted loss per share (cents per share)	20	(1.05)	(0.79)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 30 June 2026

	Notes	2026	2025
		$	$
Current Assets			
Cash and cash equivalents	7	223,241,104	27,178,291
Trade and other receivables		5,713,358	468,767
Financial assets	8	500,000,000	-
Total Current Assets		**728,954,462**	**27,647,058**
Non-Current Assets			
Property, plant and equipment		8,412,343	1,199,692
Right-of-use assets		1,331,015	224,735
Deferred exploration and evaluation expenditure	9	125,625,889	123,594,541
Other assets		3,347,819	3,186,176
Total Non-Current Assets		**138,717,066**	**128,205,144**
Total Assets		**867,671,528**	**155,852,202**
Current Liabilities			
Trade and other payables	10	15,514,689	2,337,703
Lease liabilities		234,535	237,623
Provisions	11	945,111	728,044
Total Current Liabilities		**16,694,335**	**3,303,370**
Non-Current Liabilities			
Lease liabilities		1,100,336	-
Provisions	11	4,167,103	3,284,891
Total Non-Current Liabilities		**5,267,439**	**3,284,891**
Total Liabilities		**21,961,774**	**6,588,261**
Net Assets		**845,709,754**	**149,263,941**
Equity			
Contributed equity	12	1,249,008,628	519,475,707
Reserves	13	22,879,881	14,880,594
Accumulated losses	14	(426,178,755)	(385,092,360)
Total Equity		**845,709,754**	**149,263,941**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

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Consolidated statement of changes in equity

For the year ended 30 June 2026

Consolidated	Notes	Contributed equity	Equity - reserves	Accumulated losses	Total equity
		$	$	$	$
Balance at 30 June 2024		**496,134,993**	**13,829,333**	**(365,850,023)**	**144,114,303**
Loss for the 2025 financial year	14	-	-	(19,242,337)	(19,242,337)
Other comprehensive income		-	-	-	-
Total Comprehensive loss for the year		**-**	**-**	**(19,242,337)**	**(19,242,337)**
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs and tax	12	23,340,714	-	-	23,340,714
Share-based payments	13	-	1,051,261	-	1,051,261
Balance at 30 June 2025		**519,475,707**	**14,880,594**	**(385,092,360)**	**149,263,941**
Loss for the 2026 financial year	14	-	-	(41,086,395)	(41,086,395)
Other comprehensive income		-	-	-	-
Total Comprehensive loss for the year		**-**	**-**	**(41,086,395)**	**(41,086,395)**
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs and tax	12	729,532,921	-	-	729,532,921
Share-based payments	13	-	7,999,287	-	7,999,287
Balance at 30 June 2026		**1,249,008,628**	**22,879,881**	**(426,178,755)**	**845,709,754**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 30 June 2026

	Notes	2026	2025
		$	$
Cash flows from operating activities			
Payments to suppliers and employees		(13,059,604)	(13,150,806)
Payments for project costs		(18,469,573)	(23,447,909)
Other income		11,965,891	1,719,636
Research & Development (**R&D**) Incentive rebate-non- capitalised portion		56,463	-
Interest paid		(31,048)	(38,958)
Net cash outflow from operating activities	**15**	**(19,537,871)**	**(34,918,037)**
Cash flows from investing activities			
Payments for property, plant and equipment		(7,446,892)	(1,033,418)
Payments for term deposits		(500,085,565)	-
Proceeds from term deposits		-	265,000
Payments for security deposits		(76,068)	-
Payments for exploration and evaluation		(2,054,623)	(1,974,301)
Net cash outflow from investing activities		**(509,663,148)**	**(2,742,719)**
Cash flows from financing activities			
Proceeds from issue of shares		748,037,730	24,644,240
Payments for transaction costs		(22,504,809)	(1,437,473)
Repayment of lease liabilities		(270,558)	(530,944)
Net cash inflow from financing activities		**725,262,363**	**22,675,823**
Net increase/(decrease) in cash and cash equivalents		**196,061,344**	**(14,984,933)**
Cash at the beginning of the financial year		27,178,291	42,170,343
Effects of exchange rate changes on cash and cash equivalents		1,469	(7,119)
Cash and cash equivalents at the end of the financial year		**223,241,104**	**27,178,291**

The above consolidated statement of cashflows should be read in conjunction with the accompanying notes.

Index to the notes to the consolidated financial statements

For the year ended 30 June 2026

Note		Page
1	Summary of material accounting policies	85
2	Financial risk management	86
3	Critical accounting estimates and judgments	88
4	Revenue	89
5	Expenses	90
6	Income tax	91
7	Current assets - cash and cash equivalents	92
8	Current assets – financial assets	92
9	Non-current assets – deferred exploration and evaluation expenditure	93
10	Current liabilities – trade and other payables	94
11	Current and non-current liabilities - provisions	94
12	Equity – Contributed equity	95
13	Equity – Reserves	96
14	Equity - Accumulated losses	97
15	Statement of cash flows reconciliation	97
16	Key Management Personnel compensation	98
17	Share-based payments	99
18	Remuneration of auditors	100
19	Commitments and contingencies	100
20	Earnings per share	101
21	Related party transactions	102
22	Events occurring after the reporting date	102
23	Segment Information	102
24	Parent entity financial information	103

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Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 1: Summary of material accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Arafura Rare Earths Limited and its subsidiaries.

Basis of preparation

This general-purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and the Corporations Act 2001. Arafura Rare Earths Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The consolidated financial statements of the Arafura Rare Earths Limited Group also comply with the International Financial Reporting (**IFRS**) as issued by the International Accounting Standards Board (**IASB**).

Early adoption of standards

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2026.

Historical cost convention

These financial statements have been prepared on a historical cost basis.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are material to the financial statements are disclosed in Note 3.

Going concern

Arafura's financial statements have been prepared on a going concern basis. There does not currently appear to be either any material impact upon the financial position of the Group or any material uncertainties with respect to events or conditions which may impact the financial position of the Group unfavourably as at the reporting date or subsequently.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Arafura Rare Earths Limited (**Parent Entity**) as at 30 June 2026 and the results of all controlled entities for the year then ended. Arafura Rare Earths Limited and its subsidiaries together are referred to in this financial report as the Group.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Impairment of non-current assets

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 1: Summary of material accounting policies (continued)

Project Cost Expenditure

During the period the Company appointed Hatch as the preferred Engineering, Procurement and Construction Management (**EPCM**) provider. Hatch has focussed on site enabling activities and procurement resourcing as the focus shifts toward execution. Additionally, the Company has advanced detailed design for the Nolans hydrometallurgical plant, directed engineering activities on other aspects of the Nolans Project such as the extraction plant and early construction packages. Expenditure associated with these activities has been expensed to the profit and loss as 'project costs' under *AASB 116 Property, Plant and Equipment*. These activities were determined to be development activities outside the scope of *AASB 6 Exploration for and Evaluation of Mineral Resources*.

Accounting standards and interpretations issued but not yet mandatory

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2026. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

New or amended standards adopted by the Company

The Group has not adopted any new or amended standards during the year ended 30 June 2026.

Note 2: Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (which can include currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

The Group holds the following financial instruments:

	2026	2025
	$	$
Financial assets		
Cash and cash equivalents	223,241,104	27,178,291
Trade and other receivables	5,713,358	468,767
Financial assets	500,000,000	-
	728,954,462	**27,647,058**
Financial liabilities		
Trade creditors	4,485,258	540,576
Trade and other accruals	10,940,632	1,749,599
PAYG and payroll tax liabilities	88,799	47,528
Lease liabilities	1,334,871	237,623
	16,849,560	**2,575,326**

Market risk

Foreign exchange risk

The Group is not currently exposed to material foreign exchange risk arising from contract exposure in relation to the provisions of goods and services by outside organisations.

Price risk

The Group was not exposed to equity securities price risk. This typically arises from investments held by the Group and classified on the statement of financial position as financial assets held at fair value. At 30 June 2026, Arafura had no such investments (2025: nil).

Note 2: Financial Risk Management (continued)

Cash flow and fair value interest rate risk

The Group has no significant long-term borrowings and hence, is not exposed to any significant interest rate risk. The Group holds the majority of its cash in interest bearing term deposits and as such, decreasing interest rates may yield a lower return for the group.

Credit risk

The Group has no significant concentrations of credit risk.

The credit quality of financial assets that are neither past due or impaired can be assessed by reference to external credit ratings:

	2026	2025
	$	$
Cash at bank and short-term bank deposits		
Standard & Poor's rating AA-	**723,241,104**	**27,178,291**

The Group's exposure to credit risk on financial assets that cannot be assessed by reference to external credit ratings is immaterial.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities for the ability to fund future commitments. Due to the dynamic nature of the underlying businesses, the finance team aims at maintaining flexibility in funding to achieve this goal.

Financing arrangements

The Group has no financing arrangements as at the reporting date.

Maturities of financial liabilities

The table below illustrates the Group's financial liabilities at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group – At 30 June 2026	Less than 6 months	6 – 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amounts of liabilities
	$	$	$	$	$	$	$
Non-derivatives							
Non-interest bearing	15,514,689	-	-	-	-	15,514,689	15,514,689
Fixed rate	165,480	166,898	349,453	1,122,110	-	1,803,941	1,334,871
Total non-derivatives	**15,680,169**	**166,898**	**349,453**	**1,122,110**	**-**	**17,318,630**	**16,849,560**

Group – At 30 June 2025	Less than 6 months	6 – 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amounts of liabilities
	$	$	$	$	$	$	$
Non-derivatives							
Non-interest bearing	2,337,703	-	-	-	-	2,337,703	2,337,703
Fixed rate	145,787	97,191	-	-	-	242,978	237,623
Total non-derivatives	**2,483,490**	**97,191**	**-**	**-**	**-**	**2,580,681**	**2,575,326**

For the year ended 30 June 2026

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Note 3: Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstance.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the following section.

Continued recognition of exploration and evaluation expenditure

Details of the Group's policy regarding the capitalisation of mining, evaluation and development expenditure are found in Note 9.

Income taxes

The R&D Tax Incentive is administered jointly by AusIndustry (on behalf of Innovation Australia) and the Australian Taxation Office (**ATO**).

The R&D Tax Incentive is a self-assessment programme and as at the date of the signing of this report Arafura has received no notification from AusIndustry and/or the ATO rejecting the registered R&D activities as ineligible R&D or the associated eligible R&D expenditures claimed.

The Group is currently in the process of claiming for expenditure on the eligible registered R&D activities for the 2026 financial year.

Share-based payments

The Parent Entity issued share-based payments in the form of performance rights during the year to staff and KMP. Assumptions and estimates made in relation to these share-based payments to KMP are detailed in the Remuneration Report on pages 57 to 75.

Rehabilitation provision

A provision has been made for the present value of anticipated costs for future rehabilitation of land disturbed during construction of the Nolans Project. The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for assets retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

Critical judgments in applying the entity's accounting policies

The following critical judgements have been made when applying the entity's accounting policies for the 2026 financial year:

Impairment assessment of Exploration and Evaluation Expenditure carried forward

Details of the Group's impairment assessment of Exploration and Evaluation Expenditure carried forward are found in Note 9.

Capitalisation of Development Activities

The Company has assessed the technical feasibility and commercial viability for the Nolans Project and has determined that the Project's existing Exploration and Evaluation Asset is accounted for under AASB 6 and Development Activities are accounted for under AASB 116 as an expense until such time that commercial viability is demonstrated. The Company will capitalise Development Activities upon the awarding of the bulk earthworks contract as the Project expects to significantly ramp up for execution at this point.

Note 4: Revenue

Accounting Standard

Revenue Recognition

Interest revenue is recognised as earned.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (**GST**).

	2026 $	2025 $
Other Income		
Interest received	16,449,698	1,251,767
Non-capitalised portion of R&D Tax Incentive rebate	56,463	-
Government grants[1]	-	12,756,558
Total other income	16,506,161	14,008,325

[1]As announced to the ASX on 30 April 2025, in announcing a revised target date for the Nolans FID it became apparent a number of the key Modern Manufacturing Initiative Grant milestones may not be achieved in the required time frame to satisfy the grant agreement conditions. Arafura jointly agreed with the Australian Government to cease the grant. The $15million that was already received under the grant agreement up until the date of cessation was acquitted in line with the grant requirements and was recognised as income during the period.

Notes to the consolidated financial statements

For the year ended 30 June 2026

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Note 5: Expenses

	Notes	2026	2025
		$	$
(a) Employee benefits expense			
Employee benefits expense		**6,064,459**	**5,503,720**
(b) Project costs expensed			
Consultants		23,258,031	10,600,675
Employee benefits expense		2,799,577	1,632,857
Computer software		69,950	83,129
Early works and site overheads		910,353	4,229,129
Equipment procurement		42,760	332,826
Rehabilitation expense		819,492	124,424
Pastoralist compensation		4,000,000	-
Other project costs		2,036,584	1,269,067
Total project costs expensed		**33,936,747**	**18,272,107**
(c) Other expenses			
Accounting and other professional fees		553,546	459,952
Audit fees		102,309	85,296
Consultants' fees		1,595,711	932,866
Insurance		415,923	468,364
Legal fees		1,289,698	1,237,059
Share registry and stock listing fees		659,033	370,281
Other expenses		4,149,432	3,597,531
Total other expenses		**8,765,652**	**7,151,349**
(d) Depreciation and amortisation			
Depreciation		481,538	677,376
Total depreciation		**481,538**	**677,376**
(e) Finance costs			
Interest expense – lease liability		14,230	25,473
Interest expense - other		43,298	69,862
Bank Charges		16,817	13,485
Total finance costs		**74,345**	**108,820**
(f) Share-based payments			
Employee benefits expense	17	**7,999,287**	**1,051,261**
(g) Impairment of assets			
Capitalised exploration expenditure		**270,528**	**486,029**
Total expenses		**57,592,556**	**33,250,663**

Note 6: Income Tax

Accounting Standard

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for by using the statement of financial position liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which any deductible temporary differences can be utilised.

The amount of benefit brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Arafura Rare Earths Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated Group under the Tax Consolidation Regime. Arafura Rare Earths Limited is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated Group. The entities in the tax consolidated Group have not yet entered into a tax sharing agreement or a tax funding arrangement but may enter into these types of agreements in the future if it is considered beneficial to the Group to do so.

The reconciliation between tax expense and the product of accounting loss before tax multiplied by Group's applicable income tax rate is as follows:

	2026	2025
	$	$
Income tax expense		
Current tax	-	-
Loss before income tax	**41,086,395**	**19,242,337**
Income tax benefit @ 30%	12,325,918	5,772,701
Tax effect of amounts which are not deductible in calculating taxable income:		
Entertainment	(8,856)	(8,879)
Share-based payments and investment from pastoralist	(3,599,786)	(315,378)
Sundry items not deductible (assessable)	(16,939)	-
Deferred tax assets relating to tax losses not recognised	(1,129,454)	(1,423,465)
Temporary differences not recognised	(7,570,884)	(4,024,979)
Total income tax benefit	**-**	**-**
The franking account balance at year end was nil (2025: nil).		
Deferred tax assets and liabilities not recognised relate to the following:		
Tax losses	74,697,873	74,341,727
Other temporary differences	81,572,764	65,320,272
Total deferred tax assets	156,270,637	139,661,999
Total deferred tax liabilities	(34,976,711)	(32,773,448)
Net deferred tax assets	**121,293,925**	**106,888,551**

Net deferred tax assets have not been bought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

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Notes to the consolidated financial statements

For the year ended 30 June 2026

Note 7: Current assets – cash and cash equivalents

Accounting Standard

For statement of cash flows presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

	2026	2025
	$	$
Cash at bank and in hand	223,241,104	27,178,101
Bank deposits	-	190
	223,241,104	**27,178,291**

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Reconciliation to cash at the end of the year		
Balances as above and per statement of cash flows	**223,241,104**	**27,178,291**

The Group's exposure to interest rate risk is discussed in Note 2.

Note 8: Current assets – financial assets

Accounting Standard

Term deposits with maturity periods greater than three months (from acquisition date) and less than or equal to twelve months are classified as current financial assets, as they do not meet the definition of cash equivalents under AASB 107 Statement of Cash Flows. Term deposits are initially recognised at fair value and subsequently measured at amortised cost.

	2026	2025
	$	$
Term deposits	500,000,000	-
	500,000,000	**-**

Note 9: Non-current assets – deferred exploration and evaluation expenditure

Accounting Standard

Exploration and Evaluation

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. The expenditure comprises net direct costs and an appropriate portion of related overhead expenditure directly related to activities in the area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated capitalised exploration and evaluation expenditure in relation to an abandoned area of interest and/or an area where no mineable ore body is discovered are expensed in the period in which it is determined the area of interest has no future economic benefit.

When the technical feasibility and commercial viability of extracting and processing mineral resources have been demonstrated, then any capitalised evaluation expenditure will be classified to mine development and mineral processing development expenditure. Prior to reclassification, capitalised evaluation expenditure is assessed for impairment.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

	2026	2025
	$	$
Deferred exploration and evaluation expenditure		
Balance at beginning of year	**123,594,531**	**122,363,994**
Capitalised exploration expenditure	**371,071**	**369,009**
Capitalised evaluation expenditure[1]	**1,930,816**	**1,347,557**
Impairment of exploration expenditure	**(270,528)**	**(486,029)**
Balance at end of year	**125,625,889**	**123,594,531**

At each reporting date, the Group assesses whether there is an indication of impairment for Exploration and Evaluation assets. In assessing the recoverable value, the following key impairment indicators are used:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exists to indicate that, although a development on the area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from the successful development or sale.

Other than tenement EL32167 discussed in Note 22, no factors were identified in the period that could result in the carrying amount of the asset exceeding the recoverable amount. The ultimate recoverability of capitalised exploration and evaluation expenditure is dependent on the successful development of the area of interest and/or project or subsequent sale.

[1]Capitalised evaluation expenditure is expenditure on the Nolans Project feasibility works and environment impact assessment to evaluate, formulate and demonstrate the technical feasibility and commercial viability in developing a rare earths processing plant to process and treat the ore to be mined from the Nolans Project. It excludes expenditure associated with FEED, detailed design, other such engineering programmes and early works construction which have been treated as development activities under AASB 116 Property, Plant and Equipment.

For the year ended 30 June 2026

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Note 10: Current liabilities – trade and other payables

Accounting Standard

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid. The amounts are unsecured, non-interest bearing and are usually paid within 30 days of recognition.

	2026	2025
	$	$
Current		
Trade creditors	4,485,258	540,576
Trade and other accruals	10,940,632	1,749,599
PAYG and payroll tax liabilities	88,799	47,528
	15,514,689	**2,337,703**

Information about the Group's exposure to foreign exchange risk is provided in Note 2. Carrying amounts equal fair values due to the short-term nature.

Note 11: Current and non-current liabilities – provisions

	2026	2025
	$	$
Current		
Annual and long service leave	880,111	663,044
Provision for restoration of evaluation expenditure	65,000	65,000
	945,111	**728,044**
Non-current		
Long service leave	73,162	53,739
Provision for rehabilitation	4,093,941	3,231,152
	4,167,103	**3,284,891**

Accounting Standard

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 12: Equity – contributed equity

Accounting Standard

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

	2026	2025	2026	2025
	Shares	Shares	$	$
Share capital				
Fully paid ordinary shares	**5,355,174,672**	2,464,328,691	**1,249,008,628**	519,475,707

Movements in ordinary share capital

Movements in ordinary share capital over the past two years are as follows:

Date	Details	Number of Shares	Issue Price	$
30-Jun-24	**Balance**	**2,310,302,192**		**496,134,993**
31-Jul-24	Share Placement – Tranche 1	88,732,000	0.16	14,197,120
06-Sep-24	Share Placement – Tranche 2	36,268,000	0.16	5,802,880
11-Sep-24	Share Purchase Plan	29,026,499	0.16	4,644,240
31-Dec-24	Capital Raising Costs			(1,303,526)
30-Jun-25	**Balance**	**2,464,328,691**		**519,475,707**
25-Aug-25	Capital Raise – Tranche 1	369,649,303	0.19	70,233,368
01-Oct-25	Capital Raise – Tranche 2	51,403,329	0.19	9,766,633
10-Oct-25	Share Purchase Plan	51,743,890	0.19	9,831,339
04-Nov-25	Capital Raise-Tranche 1	440,568,781	0.28	123,359,259
12-Dec-25	Capital Raise-Tranche 2	1,255,859,790	0.28	351,640,741
15-Dec-25	Share Placement	23,119,844	0.28	6,473,556
11-Mar-26	Shares issued to pastoralist as settlement of compensation obligations per compensation deed	17,980,582	0.22	4,000,000
11-Mar-26	Shares issued to pastoralist as part of compensation deed	5,394,175	0.22	1,200,000
29-May-26	Capital Raise-Tranche 1	675,126,287	0.26	175,532,835
30-Jun-26	Capital Raising Costs			(22,504,810)
30-Jun-26	**Balance**	**5,355,174,672**		**1,249,008,628**

Capital risk management

The Group's objectives when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as current borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

Notes to the consolidated financial statements

For the year ended 30 June 2026

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Note 13: Equity – reserves

Accounting Standard

Share-based payments compensation benefits are provided to employees via the Arafura Rare Earths Limited Incentive Plan.

The fair value of options and performance rights granted is recognised as an expense with a corresponding increase in equity over the relevant vesting period. The fair value is measured at grant date using the Black-Scholes or Binomial option pricing model. The cumulative charge to profit or loss is calculated based on the grant date fair value, the best estimate of the number of options and performance rights that are likely to vest and the expired portion of the vesting period. The number of options and performance rights expected to vest is estimated based on the attaching service and/or performance conditions. The estimates are revised at the end of each reporting period and adjustments are recognised in profit or loss and equity.

Market vesting conditions are taken into consideration in determining fair value of the option or performance right at grant date. Non-market vesting conditions are included in assumptions about the number of options and performance rights that are expected to vest. At the end of each period, the entity revises its estimates of the number of options and performance rights that are expected to vest based on non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

Performance rights that were cancelled by agreement between the Company and the holder in exchange for replacement rights issued were treated as a modification of the original performance rights for accounting purposes and an incremental fair value was recorded. The vesting of the cancelled performance rights were accelerated in the period and the incremental fair value continues to be assessed at each reporting period.

	2026	2025
	$	$
Equity - reserves		
Share-based payments reserve	22,879,881	14,880,594
	22,879,881	**14,880,594**
Movements		
Share-based payments reserve		
Balance at beginning of year	14,880,594	13,829,333
Share-based payments expense	7,999,287	1,051,261
Balance at end of year	**22,879,881**	**14,880,594**

Nature and purpose of reserves

The share-based payments reserve is used to recognise the fair value of options and performance rights issued to employees and Key Management Personnel.

Note 14: Equity – accumulated losses

	2026	2025
	$	$
Balance at beginning of year	(385,092,360)	(365,850,023)
Net loss for the year	(41,086,395)	(19,242,337)
Balance at end of year	**(426,178,755)**	**(385,092,360)**

Note 15: Statement of cash flows reconciliation

	2026	2025
	$	$
Net loss	(41,086,395)	(19,242,337)
Adjustments for:		
Depreciation and amortisation	481,538	677,376
Impairment of exploration expenditure	270,528	486,029
Rehabilitation expense	862,789	194,286
Foreign exchange	(1,468)	7,119
Loss/(Gain) on lease modification	-	601,198
Share-based payments expense	7,999,287	1,051,261
Shares issued for compensation deed	4,000,000	-
Change in operating assets and liabilities:		
Financial assets	(4,483,807)	-
Deferred revenue	-	(12,288,689)
Trade & other receivables	(760,786)	88,797
Trade & other payables	12,944,271	(4,373,556)
Provisions	236,172	(2,119,521)
Net cash outflow from operating activities	**(19,537,871)**	**(34,918,037)**

For the year ended 30 June 2026

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Note 16: Key Management Personnel compensation

	2026	2025
	$	$
Short-term employee benefits	2,342,392	2,119,774
Post-employment benefits	136,210	136,835
Long-term benefits	46,142	9,060
Termination benefits	-	7,002
Share-based payments	3,190,054	340,747
	5,714,798	**2,613,418**

Detailed remuneration disclosures are provided in sections 1-5 of the Remuneration Report on pages 57 to 75.

Options provided as remuneration and shares issued on exercise of such options

During the 2025 and 2026 financial years, there were no options provided as remuneration or shares issued on the exercise of such options to the Directors or other KMP.

Loans to KMP

During the 2025 and 2026 financial year, there were no loans to the Directors or other KMP.

Other transactions with KMP

During the 2026 financial year, there were no other transactions with the Directors or KMP.

Incentives issued to KMP

The below performance rights were issued to KMP including the total value as at 30 June 2026:

KMP	Grant Date	Number	Total Value[1]	Vesting Conditions
Darryl Cuzzubbo	15/12/2025	10,638,510	$1,970,693	Performance rights include different non-market performance conditions for different groups of staff, but broadly relate to: • Maintaining project capital cost targets • Completion of equity funding activities • Construction readiness targets
Tommie Van der Walt	15/12/2025	4,376,768	$807,630	
Peter Sherrington	15/12/2025	3,858,630	$402,164[2]	

Darryl Cuzzubbo and Tommie Van der Walt were issued new performance rights following shareholder approval received on 30 October 2025 (refer ASX Announcement dated 30 September 2025) to allow the Board to issue a new suite of performance rights that are better aligned with the Company's current focus areas.

Peter Sherrington was issued new performance rights on the same terms as replacement performance rights following cancellation of the performance rights he held under the Nolans Success Plan. The value of the rights are included in Table 17 of the Remuneration Report.

[1] Total value as at 30 June 2026 has been calculated using a probability of vesting that factors both the achievement of the performance condition and a service condition for each non-market performance condition.

[2] Peter Sherrington also has options issued in 2022 that vested during the period, the vested amount in period totaled $9,567. These options are expected to expire out of the money.

Note 17: Share-Based Payments

The Company provides benefits to its employees (including Key Management Personnel) in the form of share-based payments, whereby employees render services in exchange for performance rights over shares (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made. That cost is recognised, together with a corresponding increase in the share-based payment reserve in equity, over the period in which the performance and/or service conditions are fulfilled (measurement period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense (or credit) for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. No expense is recognised for incentives that do not vest, unless where vesting is conditional upon a market or non-vesting condition, provided that all other performance and/or service conditions are satisfied.

Any cancellation of performance rights are treated as a modification and an expense is recognised for any increase in fair value of the share-based payment transaction that exceeds the fair value at the date of modification. Fair value is assessed at each half year to determine if further fair value adjustments are required. The vesting of cancelled performance rights were accelerated in the period.

During the period, 36,225,825 performance rights, originally granted 6 December 2023, were cancelled by agreement between the Company and the respective holders, were subsequently issued 16,185,392 new performance rights. A further 29,444,713 new performance rights were issued to new employees who were not part of the Nolans Success Plan on the same terms.

The new performance rights were issued as replacement rights to those who held performance rights under the Nolans Success Plan and to new staff who had joined the Company. The cancellation and issue of new performance rights follow shareholder approval received on 30 October 2025 (Refer ASX Announcement dated 30 September 2025) to allow the Board to issue a new suite of performance rights that are better aligned with the Company's current focus areas. The cancellation and issue of replacement performance rights will be treated as a modification of the original performance rights for accounting purposes and an incremental fair value was recorded with the vesting of the cancelled performance rights accelerated in the period.

A summary of all options and performance rights on issue at 30 June 2026 is detailed below.

Type	Grant Date	Number	Vesting Conditions
Options	5/09/2022	2,539,000	Options vest three years from grant date.
Options	28/02/2023	197,000	Options vest three years from grant date.
Performance rights	6/12/2023	57,679	Performance rights are split evenly across five tranches subject to five critical milestones linked to the successful delivery of the Nolans Project being: • Commencement of Main Construction. • First Draw down of Debt. • First Ore delivered to ROM Pad. • First NdPr Oxide Production. • Project Close Out.
Performance rights	6/12/2023	4,348,034	Performance rights vest on 1 July 2026.
Performance rights	28/04/2025	851,988	Performance rights vest on 1 July 2026.
Performance rights	15/12/2025 and 4/06/2026	45,630,105	Performance rights include different non-market performance conditions for different groups of staff, but broadly relate to: • Maintaining project capital cost targets • Completion of equity funding activities • Construction readiness targets The measurement period is to 30 June 2026 and the vesting outcomes have been reviewed by the Board, with some remaining to be tested.
Performance rights	4/06/2026	166,667	Vesting date is 16 February 2027 for 50% and 16 February 2028 for the remaining 50%.

The options granted 5 September 2022 vested during the period. The performance rights under the FY26 plan had a measurement period of 1 July 2025 - 30 June 2026. The Company has assessed performance milestones to determine which performance rights have vested and will provide the outcomes once milestone testing has been completed.

For the year ended 30 June 2026

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Note 18: Remuneration of auditors

During the year, the following fees were paid or payable for services provided by the auditor of the Company.

	2026	2025
	$	$
1. Audit services		
BDO Audit Pty Ltd		
Audit and review of financial reports	79,146	70,551
Total audit services	**79,146**	**70,551**

Note 19: Commitments and contingencies

Capital Commitments

At 30 June 2026 the capital commitments due in less than one year primarily relates to project development costs. Longer term commitments primarily relate to the future lease commitments of the Perth Office.

	2026	2025
	$	$
Within one year	14,623,234	154,664
Later than one year but not later than five years	1,759,528	2,882,120
	16,382,762	**3,036,784**

Mining tenement commitments

In order to maintain current rights of tenure to exploration and mining tenements, the Group has the following discretionary exploration expenditure requirements up until expiry of the tenements. These obligations are not provided for in the financial statements.

If the Group decides to relinquish certain tenements and/or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

	2026	2025
	$	$
Within one year	265,627	199,809
Later than one year but not later than five years	455,742	439,056
Later than five years	116,941	110,983
	838,310	**749,848**

Contingencies

There are no contingencies as at 30 June 2026.

Note 20: Earnings per share

Accounting Standard

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

	2026	2025
	Cents	Cents
Basic loss per share		
Basic loss per share (cents per share)	(1.05)	(0.79)
Diluted loss per share		
Diluted loss per share (cents per share)	(1.05)	(0.79)

	2026	2025
	$	$
Net loss	(41,086,395)	(19,242,337)
Loss used to calculate basic earnings per share	(41,086,395)	(19,242,337)
Loss used to calculate diluted earnings per share	(41,086,395)	(19,242,337)

	2026	2025
	Number of Shares	Number of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	3,907,048,032	2,444,111,267
Weighted average number of ordinary shares used in calculating diluted earnings per share	3,907,048,032	2,444,111,267
Weighted average number of ordinary shares from option conversions which are dilutive and potential ordinary shares that are not used in calculation of diluted earnings per share	-	-

The Company's potential ordinary shares, being its options granted, are not considered dilutive as the conversion to these options would result in a decrease in the net loss per share.

Notes to the consolidated financial statements

For the year ended 30 June 2026

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Note 21: Related party transactions

Parent entity

The parent entity within the Group is Arafura Rare Earths Limited.

Consolidated Entity Disclosure

Interests in subsidiaries are set out in the Consolidated Entity Disclosure on page 104.

Key Management Personnel

Disclosures relating to KMP are set out in Note 16.

Transactions with related parties

Other transactions with related parties are set out in Note 21.

Outstanding balances arising from sale/purchases of goods and services

There were no outstanding balances at the end of the reporting period in relation to transactions with related parties.

Loans to/from related parties

Other than loans held between subsidiaries of the Group, there were no other loans entered into or agreed upon with related parties of the Group.

Terms and conditions

All transactions were made at cost. Outstanding balances with subsidiaries of the Group are unsecured and repayable in cash.

Note 22: Events occurring after the reporting date

Subsequent to the end of the financial year:

- The Company received firm commitments for a $350 million two-tranche institutional placement at $0.26 per share. Tranche two of the placement settled on 9 July 2026 and a total of $174.5 million (before costs) was received following shareholder approval to issue the shares received on 2 July 2026. Concurrently, the Company had a Share Purchase Plan, to enable eligible retail Australian and New Zealand investors to participate on the same terms. The SPP closed on 7 July 2026 and a total $11.5 million was raised under the SPP.
- A general meeting was held on 2 July 2026, which ratified the securities issued under the May 2026 placement and share purchase plan and shareholders approved the issue of shares to EFA, KfW and NRFC.
- The Company announced its plan for the Chief Financial Officer position to transition with the appointment of Angela Bigg on 13 July 2026. Peter Sherrington has resigned as CFO, effective from 31 August 2026 and will continue working to 31 October 2026 to provide support and a handover of responsibilities.
- In July 2026, the Company was notified by Thor Mining Plc that the renewal application for EL32167 was rejected by the Department of Mining and Energy on the grounds of not carrying exploration works on the tenement and as such a $270,528 impairment (for the full carrying value) has been recorded for the year ended 30 June 2026.

No other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years, or
- the results of those operations in future financial years, or
- the Group's state of affairs in future financial years.

Note 23: Segment information

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of Directors in assessing performance and determining the allocation of resources. The reportable segment is represented by the primary statements forming this financial report.

At the end of the financial year, the Group was operating primarily in one segment, as an exploration business in Australia.

Note 24: Parent Entity financial information

The individual financial statements for the Parent Entity show the following aggregate amounts:

Arafura Rare Earths Limited (Parent)	2026 $	2025 $
Total current assets	**728,044,279**	**26,258,752**
Total assets	**825,153,569**	**122,899,061**
Total current liabilities	**3,570,882**	**1,618,596**
Total liabilities	**4,744,378**	**1,672,335**
Shareholders' equity		
Issued capital	1,249,008,628	519,475,706
Equity - reserves	22,879,881	14,880,594
Accumulated loss	(451,479,318)	(413,129,573)
Total equity	**820,409,190**	**121,226,727**
Loss for the year	(38,349,744)	(24,354,966)
Total comprehensive loss	**(38,349,744)**	**(24,354,966)**

No capital commitments are held in the Parent entity. The following lease and mining tenement commitments are held in the Parent entity. Refer to Note 19 for the Group's commitments disclosure.

Mining tenement commitments

	2026 $	2025 $
Within one year	148,329	155,560
Later than one year but not later than five years	21,432	439,056
Later than five years	-	110,983
	169,761	**705,599**

Consolidated Entity Disclosure

For the year ended 30 June 2026

Consolidated Entity Disclosure

Basis of Preparation

The Consolidated Entity Disclosure Statement (**CEDS**) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of Tax Residency

Section 295(3B)(a) of the Corporations Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the Group has applied the following interpretations:

- Australian tax residency: The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

The entities listed below are part of the consolidated entity as at 30 June 2026.

Name of entity	Type of Entity	Trustee, partner or Joint venture	% Share Capital Held	Country of incorporation	Australian residency	Tax Residency
Arafura Advanced Materials Pty Ltd	Body corporate	No	100	Australia	Yes	Australia
Arafura Nolans Project Pty Ltd	Body corporate	No	100	Australia	Yes	Australia
Arafura IP Pty Ltd	Body corporate	No	100	Australia	Yes	Australia
Central Australian Resources Pty Ltd	Body corporate	No	100	Australia	Yes	Australia
Nolans Operations Pty Ltd	Body corporate	No	100	Australia	Yes	Australia

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Directors' Declaration

Declaration by Directors

The Directors of the Company declare that:

1. The financial statements comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity, accompanying notes are in accordance with the Corporations Act 2001, and:
   a. comply with Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   b. give a true and fair view of the financial position as at 30 June 2026 and of the performance for the year ended on that date for the Group.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. In the Directors' opinion, the financial statements and notes are prepared in compliance with IFRS and interpretations alerted by the International Accounting Standards Board.
4. The remuneration disclosures set out on pages 57 to 75 of the Directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2026 complies with section 300A of the Corporations Act 2001.
5. The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A.
6. The information disclosed in the consolidated entity disclosure statement is true and correct.

This declaration is made in accordance with a resolution of the Board of Directors and is signed on behalf of the Directors.

Mark Southey
Chair

31 August 2026

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INDEPENDENT AUDITOR'S REPORT

To the members of Arafura Rare Earths Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Arafura Rare Earths Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2026 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Accounting for Exploration and Evaluation Assets

Key audit matter	How the matter was addressed in our audit
The carrying value of the Deferred Exploration and Evaluation Asset is significant to the financial statements, as disclosed in note 9. Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 *Exploration for and Evaluation of Mineral Resources*. In particular: • Whether the conditions for capitalisation are satisfied; • Classification of exploration and evaluation expenditure or development asset; and • Whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment.	Our procedures included, but were not limited to: • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and directors' minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Assessing managements memorandum in relation to the classification of the exploration expenditure in accordance with the presentation criteria of AASB 6; • Considering whether any facts of circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in note 9 of the Financial Report

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2026, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 57 to 75 of the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of Arafura Rare Earths Limited, for the year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

Ashleigh Woodley

Director

Perth, 31 August 2026

Additional Information

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Additional information included in accordance with the listing rules of the Australian Stock Exchange Limited.

Shareholder Information

Statement of issued capital at 17 August 2026

Fully paid ordinary shares (ASX: ARU):

Distribution of fully paid ordinary shareholders:

Size of holding	Number of shareholders	Number of shares
100,001 and Over	5,386	5,180,550,013
10,001 to 100,000	21,363	773,772,422
5,001 to 10,000	8,720	69,748,662
1,001 to 5,000	16,487	47,474,053
1 to 1,000	1,649	947,887
	53,605	**6,072,493,037**

There are no restrictions on voting rights attached to ordinary shares. On a show of hands, every member present in person shall have one vote and upon a poll, every member present or by proxy shall have one vote for every share held.

As at 17 August 2026, there existed 8,493 shareholders who held less than a marketable parcel of shares.

Fully paid ordinary shares are quoted on the Australian Securities Exchange Limited.

Unlisted options and performance rights issued an employee incentive scheme

Description	Number of holders	Number of options/performance rights
Options, expiring various dates at varying exercise prices (ASX:ARUAC)	9	2,736,000
Performance rights (ASX: ARUAD)	37	48,690,713

No unquoted securities have been exercised/converted to ordinary shares in the period. Holders of unlisted options and performance rights do not hold voting rights until such time as they are exercised and/or converted to ordinary shares.

35 holders hold over 100,001 unlisted options and performance rights (combined).

The Company is not performing an on-market buy-back at the time of this report.

There are no securities subject to escrow at the time of this report.

Substantial shareholders at 17 August 2026 as per their notices:

Name	Ordinary shares %
Hancock Prospecting Pty Ltd[1]	17.48%

[1] *The last notice of change of interest of substantial holder was provided to the ASX on 15 July 2026. The next notice of change of interest of substantial holder is only required where there is a change in holding greater than 1% from the previous notice.*

Top Twenty Shareholders

As at 17 August 2026, the twenty largest shareholders held 3,217,928,748 of the fully paid ordinary shares in Arafura Rare Earths Limited and they are:

No.	Name	Shares	% of issued capital
1	CITICORP NOMINEES PTY LIMITED	1,450,584,957	23.89
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	486,476,508	8.01
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	343,063,821	5.65
4	BNP PARIBAS NOMINEES PTY LTD	311,018,523	5.12
5	BNP PARIBAS NOMS PTY LTD	147,800,132	2.43
6	OCJ INVESTMENT (AUSTRALIA) PTY LTD	108,012,100	1.78
7	BNP PARIBAS NOMINEES PTY LTD	79,711,288	1.31
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	68,500,175	1.13
9	BNP PARIBAS NOMINEES PTY LTD	33,120,390	0.55
10	BNP PARIBAS NOMINEES PTY LTD	32,651,060	0.54
11	FINCLEAR SERVICES PTY LTD	28,005,292	0.46
12	ATAYF FAMILY OFFICE PTY LTD	23,374,757	0.38
13	MR KENNETH JOSEPH HALL	16,561,902	0.27
14	BNP PARIBAS NOMINEES PTY LTD	14,199,646	0.23
15	ALBERT & TERESA TING PTY LIMITED	13,637,500	0.22
16	THE WEALTH CREATION CIRCLE PTY LTD	13,000,000	0.21
17	UBS NOMINEES PTY LTD	12,894,784	0.21
18	BNP PARIBAS NOMS PTY LTD	12,295,712	0.20
19	NETWEALTH INVESTMENTS LIMITED	11,920,201	0.20
20	MS DANIELLE SHARON TUDEHOPE	11,100,000	0.18
		3,217,928,748	**52.99**

Corporate Governance Statement

Pursuant to the ASX Listing Rules, the Company's Corporate Governance Statement will be released in conjunction with this report. The Company's Corporate Governance Statement is available on the Company's website at: https://www.arultd.com/corporate/corporate-governance/.

On Market Buyback

The Company is not performing an on-market buyback at the time of this report.

Additional Information

Tenement Register as at 17 August 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 ML 33107	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% 100% 100%	
EL 28473 EL 28498 EL 29509 EL 31224 EL 31284 EL 31957	Aileron–Reynolds, NT	Arafura Rare Earths Limited	Exploration Licence	100% 100% 100% 100% 100% 100%	100% 100% 100% 100% 100% 100%	
EL 29701	Bonya JV, NT	Arafura Rare Earths Limited	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.
EMP33078 EMP33079 EMP33080 EMP33081 EMP33082 EMP33083 EMP33084 EMP33085	Nolans, NT	Arafura Nolans Project Pty Ltd	Extractive Exploration Licence	100%	100%	

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