

ASX ANNOUNCEMENT

GERMAN RAW MATERIALS FUND UPDATE

8 July 2025



Arafura Rare Earths Limited (ASX: ARU) (Arafura or the Company) is pleased to provide an update on the equity funding strategy for its Nolans Rare Earth Project (**Nolans Project** or the **Project**) in the Northern Territory.

HIGHLIGHTS

- **Arafura's Nolans Project enters the appraisal phase for potential equity investment from the German Raw Materials Fund**
- **German Raw Materials Fund equity investment is generally between €50 million to €150 million with Arafura seeking up to €100 million (A\$175m¹) tied to supply from Nolans.**
- **Consideration for the investment highlights the importance of the Nolans Project to German industry and its alignment with global supply chain diversification initiatives**

In September 2024, the German Federal Government announced the allocation of €1 billion to the German Raw Materials Fund (**GRMF**) to participate in mining, processing and recycling projects that contribute to safeguarding the supply of critical raw materials for German industry, promoting supply chain resilience and supporting the German economy.

In October 2024, Arafura applied for an investment from the GRMF in its Nolans Project, which was forwarded for review to the Interministerial Committee (**IMC**) for raw material projects. The IMC consists of representatives of the Federal Ministry for Economic Affairs and Climate Action and the Federal Ministry of Finance.

Following review, the IMC concluded the Nolans Project should proceed to the appraisal phase. An independent expert will be commissioned to complete detailed due diligence and prepare an assessment of the economic viability and risk justifiability for the Nolans Project. KfW, a leading German state-owned development bank, will coordinate with Arafura to review the key features of the Nolans Project including offtake, governance, environmental and social management and financing.

Participation for each equity investment by the GRMF is generally between €50 million to €150 million. The Nolans Project has already demonstrated a clear alignment with the objectives of the GRMF through its proposed supply of neodymium-praseodymium (**NdPr**) metal to Siemens Gamesa Renewable Energy A/S (**Siemens Gamesa**). NdPr metal supplied to Siemens Gamesa will be used in the manufacture of permanent magnets used in offshore wind turbines assembled at their Cuxhaven facility in Germany (refer to ASX announcement dated 11 April 2023).

Investment of €50 million is being pursued linked to the Siemens Gamesa 520tpa NdPr supply agreement with Arafura seeking an increase to €100 million (A\$175m¹) based on an additional 500tpa of supply into the German market (subject to a separate approval from the IMC). Arafura has an active sales and marketing program with a number of prospective German offtake partners. Additional offtake volumes, if secured, will be used to support a higher level of potential investment from the GRMF.

This investment would complement existing debt support following IMC conditional approval for up to US\$115 million in untied loan guarantees (UFG) from Euler Hermes (refer to ASX announcement dated 4 July 2024).

The entry into the appraisal phase demonstrates further progress against the Nolans Project equity funding strategy targeting cornerstone investment from government seeded critical minerals funds, customers and other strategic investors. It further complements the recently announced A\$200m investment commitment from Australia's National Reconstruction Fund Corporation (refer to ASX announcement dated 15 January 2025).

Arafura Rare Earths Limited

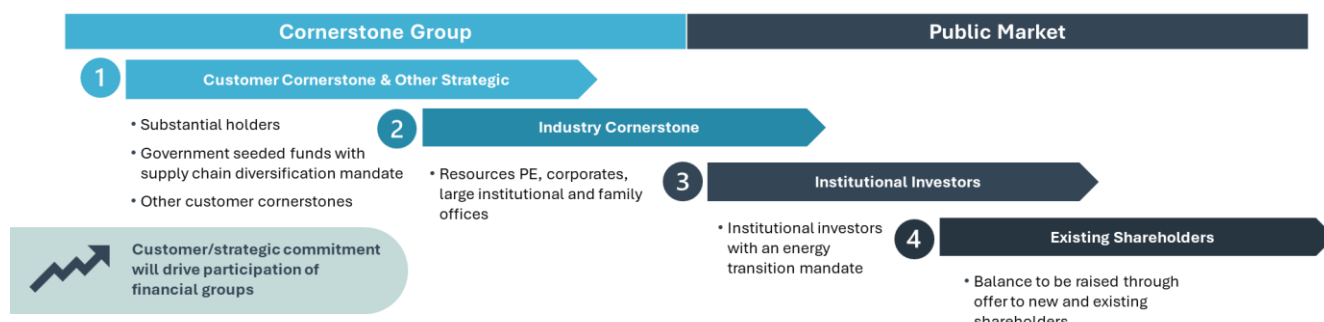
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Investment from the GRMF remains subject to detailed due diligence, approval from the IMC and the execution of definitive agreements.

¹ Converted at EURAUD of 1.75.

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