

Quarterly Activities Report for the period ended 31 March 2024

Arafura Rare Earths Limited (ASX: **ARU**) (**Arafura** or the **Company**) is pleased to report that progress continued towards a final investment decision for the Nolans Project (**Nolans**) in the Northern Territory throughout the first quarter of the year.

HIGHLIGHTS

- US\$533 million of Commonwealth Government support received through debt finance package and is a catalyst to advance remaining debt and equity funding for the Nolans Project
- Darryl Cuzzubbo commenced as Managing Director and CEO in February
- Recruitment of two new non-executive directors and three executive team members, including the critical role of Chief Operating Officer
- Gas supply agreements secured for natural gas to supply the Nolans Project
- Operational Readiness works continued with the commencement of preparation of the safety case, a requirement under WorkSafe legislation
- A\$6.5 million (before costs) raised under a Share Purchase Plan, providing interim funding to support debt financing and larger-scale funding activities
- Significant reduction in project spend rate on completion of early works with priority on funding and remaining offtake
- Nolans is shovel ready and construction will commence immediately after a final investment decision is made

Arafura's Managing Director Darryl Cuzzubbo said:

"I am immensely excited and energised to have commenced as Managing Director at such a formative time as Arafura steps ever closer to becoming one of only three NdPr oxide producers outside of China.

Arafura has a critical role to play in ensuring secure supply of NdPr, a commodity essential for the energy transition and critical for one of the largest structural shifts occurring this century.

We are laser focused on securing funding in support of a final investment decision to get main construction activities underway at the Nolans Project.

I remain impressed by the quality of the team who are delivering the debt and equity strategy, having secured U\$533 million in government support through a debt finance package is a phenomenal result. I acknowledge the work led by CFO Peter Sherrington and our former CEO Gavin Lockyer who will always be synonymous with establishing Arafura and setting the organisation up for future success.

The standby liquidity facility of US\$200 million as part of the Government finance package is a remarkable achievement as it provides a buffer in the event of a cost and schedule overrun through ramp up. We have no intention of using it as we are committed to our cost and schedule, but it provides completion support security for our other lenders, investors and offtake partners.

We are executing our equity strategy with energy and conviction whilst remaining focused on identifying quality investment for Arafura's long-term success. I look forward to updating the market when we reach equity milestones in the coming months. I am very pleased with how our plans are unfolding. The strong relationships we have developed puts us in good stead to prioritise quality customer and industry cornerstone investment.

We have also started a scoping study for what Nolans phase 2 would look like and I look forward to sharing more on this initiative over coming months.

The appointment of two new non-executive directors and three key leadership team positions, including Stuart Macnaughton in the critical role of Chief Operating Officer, ensures leadership capability is in place to deliver Nolans – an important pre-requisite for large investors. As a team we are excited about the Company's next phase of development, and beyond."

Further information:

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NOLANS NdPr PROJECT

Throughout the quarter the Company focused on securing debt, offtake and equity to enable a final investment decision (**FID**) for Nolans.

Completion of early works in Q4 2023 meant on-site activity at Nolans was wound back, with security services remaining on site.

Throughout the quarter Project activities were limited to those necessary to support finance, critical path activities, compliance, and progressing improvement ideas that reduce capital, schedule and risk.

This further reduced the forecast cash burn rate, enabling the organisation to have sufficient funding to the end of 2024.

Nolans is shovel ready and the Company is prepared to mobilise to site immediately upon reaching FID.



Figure 1: Aerial view of early works at Nolans Project



Figure 2: Aerial view of the accommodation camp



Figure 3: Nolans has access to existing infrastructure



Figure 4: Water distribution pipe installation

ENGINEERING DESIGN AND PROCUREMENT

Procurement of critical path items progressed during the quarter. General procurement activities will recommence when funding is secured.

Key focus throughout the quarter for the integrated project management team (**IPMT**), was preparation for an efficient ramp up of activities once project funding is secured. The IPMT has been identifying and progressing capital and risk reduction opportunities with the objective of identifying a pipeline of improvements that could offset capital increase pressures. This prudent approach will be ongoing until Nolans has been successfully delivered.

Hydrometallurgical Plant

Detailed design by Hatch for the hydrometallurgical plant continued during the quarter, with priority on advancing critical path items and reducing project execution risk, including progressing piping and instrumentation diagrams (**P&IDs**) and process control narratives.

The following activities were undertaken or completed during the quarter:

- Tank sizing and pump calculations continue supporting P&IDs and tank datasheet development
- Design reviews completed for four plant areas, with design reviews for 16 of 21 process areas now complete
- A workshop was undertaken to identify potential areas of risk during the ramp-up of the hydrometallurgical plant and develop mitigation strategies

Sulphuric Acid Plant

Detailed engineering and procurement was on hold during the quarter and will recommence when funding is secured.

Beneficiation Plant

An update on P&IDs was received from MACA Interquip during the quarter. Further engineering is on hold until funding is secured.

Power Station

In February Arafura announced natural gas supply agreements to unlock access to local natural gas from 2026 (refer ASX Announcement 13 February 2024).

Gas transportation work and early engineering was put on hold and will recommence when funding is secured. It was determined that there will be no impact to the overall schedule.

Non-Process Infrastructure

Work on non-process infrastructure (**NPI**) has been focused on engineering activities, including:

- Kerosine Camp Creek Diversion
- Mine surface water management design
- Bulk earthworks
- Site access roads
- Village utilities areas

Construction

Following the completion of early site works in Q4 2023, there was no construction activity during the quarter. Security remained on site throughout the quarter.

OPERATIONAL READINESS

During the quarter, operational readiness activities progressed with focus on optimum preparation for safe commissioning, ramp up and operations. The development of the safety case has commenced, this is a requirement under Work Health and Safety Legislation and includes a description of the hazards and risks of the facilities at Nolans and how they will be managed.

CAPITAL COST TRENDING

The Company continues to monitor capital cost trending for Nolans. An independent member of the Nolans Project Advisory Committee continued to perform a detailed review of current capital estimates throughout the quarter. This work is ongoing and is identifying potential capital expenditure reduction opportunities and verifying the suitability and extent of cost reduction measures already identified by the Nolans project team.

The Company continues to refer to the detailed capital cost estimates outlined in the November 2022 Project Update (refer to ASX Announcement dated 11 November 2022), which was the most recent 'first principles' estimate for the project provided to the market.

Trend analysis has not changed from the Company's September 2023 Quarterly report (refer to ASX Announcement dated 31 October 2023) and does not indicate any material change to the overall capital cost of the project and is in line with expectations. An update will be provided to the market should there be a material change, including details of any material financial impact on the Project.

PROJECT SCHEDULE

The Project execution schedule from FID to start-up remains the same at 37 months.

Arafura is targeting FID in the second half of 2024. With a reduced spend rate, the Company is focussed on funding certainty over speed. Consistent with the Commonwealth Government debt package announcement (refer ASX Announcement 14 March 2024), the Company will update the market as funding milestones are reached. The final timetable remains subject to third party approvals from lenders, offtake partners and potential cornerstone investors. Further detail on project funding is provided in the section below.

The indicative schedule provided in Figure 3 below is subject to change and is contingent on the completion of construction and development, commissioning, and general market conditions.

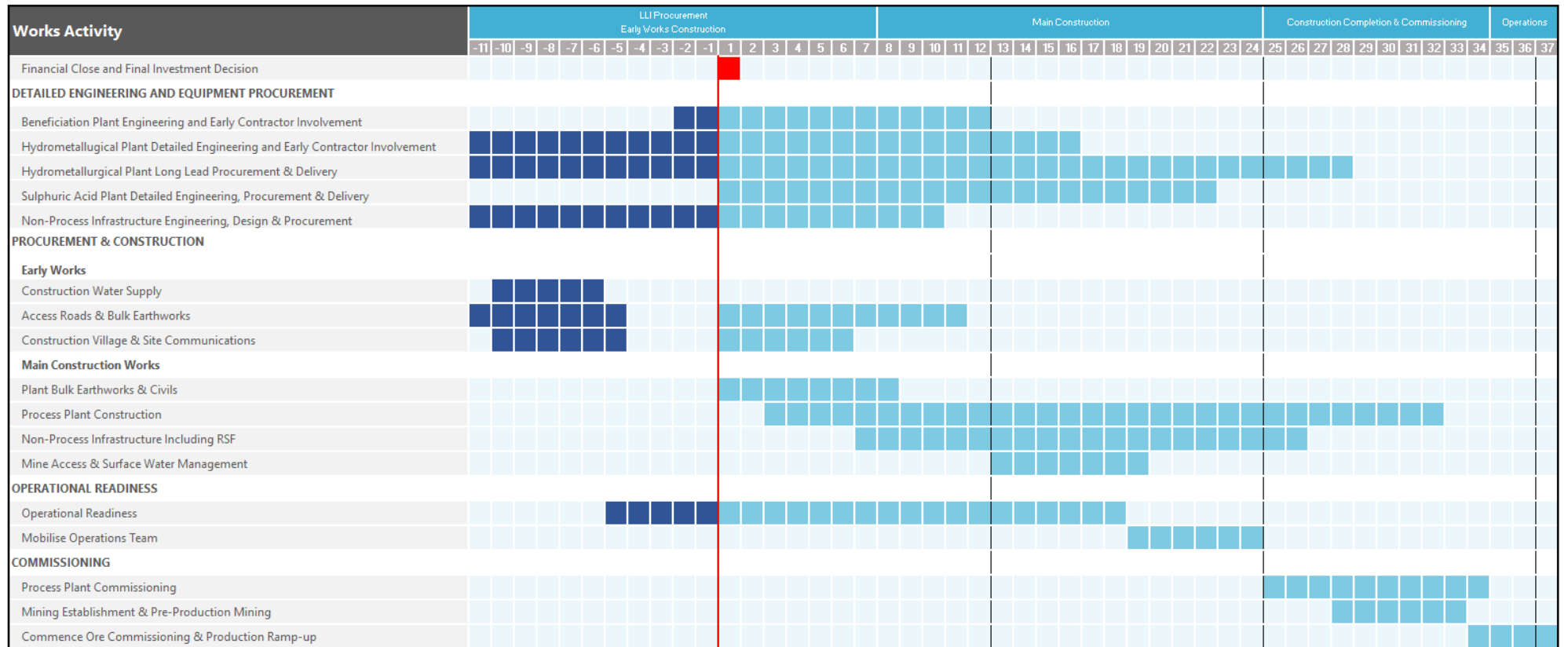


Figure 3: Indicative Nolans Project Schedule

OPERATIONAL LICENCING

All major Federal and Northern Territory (**NT**) environmental approvals for the Nolans Project have now been secured. Of the suite of Environmental Management Plans (**EMPs**) that have been developed for the project, five are required to be approved by the Federal Government's Department of Climate Change, Energy, and Environment and Water (**DCCEEW**). These are specified in the project's existing EPBC approval conditions.

Two of the five EMPs are required for commencement of construction activities, these are the Biodiversity Management Plan and Water Abstraction Management Plan. Advanced discussions were held with DCCEEW during the quarter to support final assessment and approval of these two plans.

The remaining three plans are the Kerosene Camp Creek Management Plan, Acid and Metalliferous Drainage Management Plan, and Radiation Protection and Waste Management Plan. Further technical studies are in progress to inform detailed design planning and address initial feedback provided by DCCEEW. The EMPs will be further matured and provided to DCCEEW for assessment once complete. These project activities will commence after commencement of construction.

Since the Environmental Impact Statement (**EIS**) for the Project was approved by both the Federal and NT Governments, some tenements have changed including relocation of the explosives magazine (due to flood risk), finalisation of the gravel pit tenements and realignment of a mine access road. An ecological assessment of these tenement areas was completed during the quarter, as per the requirements of the Biodiversity Management Plan. The assessment found no presence or signs of activity by targeted species of significance. Based on these findings, an application was made to DCCEEW to have these additional tenements included in the approved Project Area listed in the EPBC approval conditions. A revision of the Mine Management Plan is under preparation to include these tenement areas, for submission to the NT Department of Industry, Tourism and Trade (**DITT**). Approval of these tenement areas is not considered a critical path activity that may delay commencement of construction.

Arafura paid a penalty to DCCEEW of around \$16,500, based on single contravention of Condition 8 of the EPBC conditions of approval for the Nolans Project. The Company confirms that the breach resulted from a procedural error and that no environmental impact occurred as a result. The Company took this issue very seriously and implemented new internal procedures to prevent any repeat of this type of incident.

SUSTAINABILITY

Reporting, disclosures and compliance

Subsequent to the end of the quarter a final report and Environmental and Social Action Plan (**ESAP**) was delivered on the outcome of the Environmental and Social Due Diligence process, conducted by Tetra Tech Coffey on behalf of the lenders group in Q3 2023.

The due diligence was undertaken against internationally recognised governance standards, including:

- IFC Performance Standards
- Equator Principles
- Global Industry Standard on Tailings Management (**GISTM**)

An implementation and governance plan was developed to enable the Company to deliver the ESAP within the required timeframes. ESAP delivery activities have commenced.

Energy and Emissions Reduction

During the quarter, Arafura continued to engage with DCCEEW on an appropriate safeguard mechanism baseline for the Nolans Project and production variables related to rare earths mining and processing, as well as providing technical process information for consideration.

Stakeholder Engagement

The Northern Territory Government is in the final stages of developing a new ad valorem mineral royalty regime levied on the mineral value less transport costs.

Under the new regime minerals are grouped into four treatment categories dependant on the level of processing undertaken:

- Category 1: Primary treatment
- Category 2: Secondary treatment (concentration)
- Category 3: Secondary treatment (metallurgical treatment)
- Category 4: Final treatment

It is likely rare earth oxides will be treated as a Category 4 mineral and will attract a royalty rate of 2.5%, reflective of the significant level of downstream processing required to produce rare earth oxides.

The Company continued to engage Project stakeholders including the Northern Territory Government, Commonwealth Government, local communities, and environmental groups.

Arafura was represented at the Bell Potter Unearthed Resources Conference (refer ASX Announcement 15 February 2024) and the Mineral Sands and Rare Earths Conference (refer ASX Announcement 19 March 2024).

EXPLORATION

Nolans

Activities throughout the quarter were focussed on the geology and material types of the Nolans Bore deposit, and further progressing mining related studies.

No on-ground exploration activity occurred in the quarter. Arafura received an updated combined gravity dataset and imagery from Southern Geoscience Consultants. The combined Phase 1 and 2 datasets cover ML26559 (mine site) and a substantial portion of the surrounding EL28473 and have identified areas for follow-up infill and are planned to be surveyed during Phase 3 gravity acquisition which will focus on EL28498 and EL29509 to the south of the mine site.

MACROECONOMIC DEVELOPMENTS

NdPr Market

The price of NdPr oxide decreased by 21.3% in the quarter, from US\$62.85 to US\$49.47 per kilogram. This is partly due to an increase in supply caused by the Chinese Ministry of Industry and Information releasing three rare earth mining and smelting quotas in 2023, putting pressure on the market. In early February, the first quota batch for 2024 was released, further dampening market sentiment. China also continues to be burdened by a protracted property downturn, mounting local government debts and weak private-sector spending, which has impacted consumption of products that utilise NdFeB magnets.

Notwithstanding, China's economy is showing signs of a recovery with GDP growing by 5.3% in the first quarter from a year earlier driven by a rebound in the industrial sector and an improvement in the services sector.

Subsequent to the end of quarter, the NdPr price had rallied several percent to US\$53.00/kg by mid-April.

China is undergoing a transition away from investment-led growth and pivoting towards a consumer demand economy supported by policies to increase capacity to produce advanced technologies to export higher value-added products. These new technologies include electric vehicles, autonomous vehicles, electric car batteries, semiconductors and AI-related products. New Energy Vehicle (**NEV**) growth in China for the first quarter of 2024 saw a substantial year-on-year increase of 28.2% reaching unit sales of nearly 2.12 million. China's demand for magnetic materials for NEV's now accounts for a third of the country's total requirements.

The Council of the European Union approved the Critical Raw Materials Act on 19 March, with the legislation coming into force following its publication in the official journal. The regulations set 2030 targets for domestic production capacity, with local extraction required to account for at least 10% of EU annual consumption and local processing to account for a minimum of 40% of annual consumption.



Figure 3: NdPr oxide price EXW China (inclusive VAT) converted to US\$

OFFTAKE AND PROJECT FUNDING

Offtake

Throughout the quarter the Company remained engaged in negotiations for the remaining portion of Arafura's offtake target, with the level of interest now exceeding the targeted range of 80% to 85% annual NdPr production being contracted under binding long-term offtake agreements. Around 54% of the targeted range under binding offtake agreements have been disclosed by the Company.

The table below outlines Arafura's offtake volumes confirmed under binding agreements and volumes under negotiation as at 31 March 2024.

Offtake Discussion Group	Location	NdPr Oxide (Tpa) ¹	% of Binding Offtake Target ³
Secured Offtake (Binding Agreement)			
Hyundai & Kia	Korea	1,500	40%
Siemens Gamesa RE	Germany	520	14%
Offtake Under Discussion²			
Contract negotiations	Japan & Europe	1,600	42%
Advanced offtake discussions ³	Europe & US	2,915	77%
TOTAL		6,535	173%

Table 1: Offtake overview as of 31 March 2024

¹ Product may be supplied as NdPr Oxide or Metal equivalent.

² The Company, at this stage, has no certainty as to the timing and likelihood of successfully concluding binding agreements being entered into.

³ Targeting 85% of planned production as binding offtake. Planned Production refers to the average annual production from Nolans, being 4,440 tpa (refer to ASX Announcement dated 11 May 2021)

Project Funding – Debt

A significant milestone was reached in March 2024 with the announcement of a Commonwealth Government debt finance package of US\$533 million (refer to ASX Announcement 14 March 2024). Commonwealth Government support is a catalyst to advance the remaining debt and equity funding requirements for the Project.

The debt finance package includes a US\$125 million limited-recourse senior debt facility under the Commonwealth Government's A\$4 billion Critical Minerals Facility (**CMF**), administered by Export Finance Australia (**EFA**), and a A\$150 million limited-recourse senior debt facility from the Northern Australia Infrastructure Facility (**NAIF**). Both facilities have a 15-year tenor with interest rates and conditions precedent to financial close customary to arrangements of this nature.

EFA will also provide a subordinated Standby Liquidity Facility (**SLF**) of up to US\$200 million under the CMF to help manage any increases in capital expenditure and operating costs incurred during ramp up. EFA also has conditional approval to provide further funding of up to US\$75 million on its Commercial Account to participate in the Export Credit Agency (**ECA**) covered tranches and Cost Overrun Facility (**COF**). NAIF has agreed to provide additional funding up to A\$50m via a proportion of the COF.

The Commonwealth Government approvals are part of a broader financing package Arafura is currently progressing, which Arafura currently has indicative interest from international and commercial financiers for a further US\$550 million of senior debt facilities.

Facility	Amount (US\$m)	EFA & NAIF (US\$m)	Status
Project Finance Facilities			
EFA	125	125	Conditionally Approved ³
NAIF	100	100	Conditionally Approved (A\$150m) ³
EDC	300	-	LoI received 20 June 2023 ⁴
KEXIM	75	-	LoI received 4 Dec 2023 ⁵
ECA Covered Tranche	175 ¹	75	EFA conditional approval ³ RFP responses
Total	775		
Cost Overrun Facility ²	80	33	Conditional approvals: NAIF (A\$50m) ³
Subordinated SLF	200	200	EFA conditional approval ³
Total Debt Facilities	1,055	533	excluding contingent instrument facility

Table 2: Indicative Debt Facilities

¹ Targeting commercial bank lending under ECA covered tranches supported by untied loan guarantees from Euler Hermes and KEXIM. Refer to ASX announcements dated 29 March 2023 and 20 June 2023.

² Total Cost Overrun funding of US\$160m, 50% funded by senior debt with remaining 50% to be funded by equity.

³ Refer to ASX announcement dated 14 March 2024. Allocations across ECA Covered Tranche and COF to be agreed.

⁴ Refer to ASX announcement dated 20 June 2023.

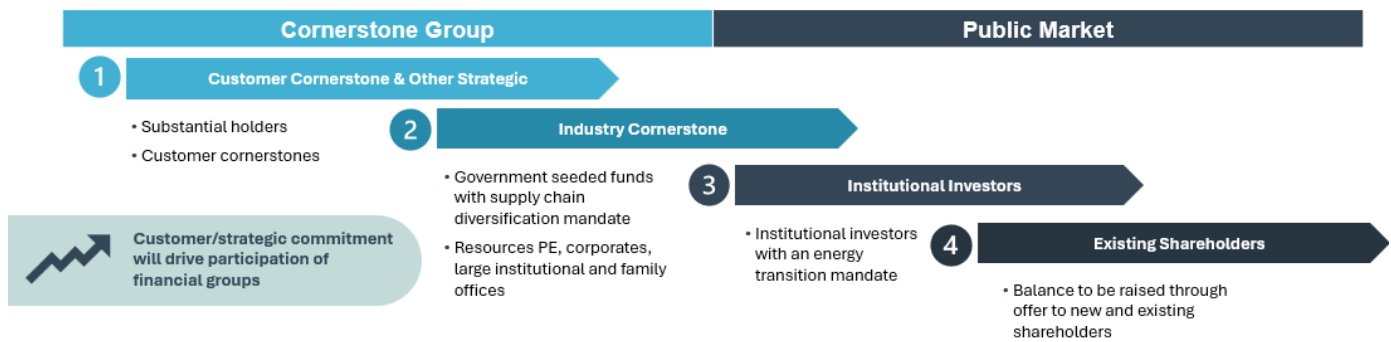
⁵ Refer to ASX announcement dated 4 December 2023.

Project Funding – Equity

Throughout the quarter the Company continued to implement its debt-led funding strategy. The intention is to execute a capital raising when debt financing with key credit approvals is in place and long form loan documents can be executed.

The Company appointed UBS AG (**UBS**) and Canaccord Genuity (**Canaccord**) as joint lead managers (**JLMs**) to assist in raising the equity required to execute the project equity funding. Both are significant participants in equity capital markets for Australian Securities Exchange (**ASX**) listed metals and mining companies. The scope of work includes advisory for structuring, market engagement, engagement with strategic and cornerstone investors and managing the public offer process. Fees are customary for an engagement of this nature.

The equity strategy will take a cascade approach, with a focus on certainty over speed. The Company is targeting a substantial portion of the equity requirement via cornerstone investors ahead of launching a public equity raising with institutions and retail investors. GE offtake contract (refer to ARU ASX Announcement 12 July 2022) negotiations continue and represent sufficient offtake to support the debt funding in the form of ECA direct loans and ECA untied loan guarantees. Arafura's strategy with remaining offtake is focused on parties bringing strategic value including equity investment.



The Company anticipates future announcements on debt funding, offtake and cornerstone equity in advance of reaching a final investment decision.

CORPORATE

Cash Position

On 31 March 2024, Arafura had cash reserves of ~A\$58m (versus A\$67m as at 31 December 2023). During the quarter, the share purchase plan (**SPP**) announced in December 2023 was complete which raised an additional A\$6.5m (before costs) to complement the placement completed in December 2023 which raised \$25m (before costs).

During the quarter an expenditure review process has been undertaken to ensure prudent use of cash reserves until project funding is achieved and main construction commences. The review focused on reducing cash outlays company-wide with a focus on committing resources towards achieving project funding, complying with operational licencing, and maintaining a baseline level of momentum with respect to project delivery, engineering and operational readiness.

The Company now expects it has cashflow runway through to the fourth quarter of the 2024 calendar year with a similar liquidity buffer disclosed in the sources and use of funds for the placement (refer to ASX Announcement dated 14 December 2023).

In March 2024 Company received the second payment under the Modern Manufacturing Initiative Grant Agreement (**MMI Agreement**) with the Commonwealth, highlighting the ongoing support of Nolans from the Commonwealth. The second payment totalled A\$9m and brings total funding received under the MMI Agreement to A\$15m. Total grant funding available under the MMI Agreement is A\$30m (subject to the compliance with specified project milestones) which must be utilised for the engineering design, procurement, construction and commissioning of the rare earth separation plant at Nolans.

During the quarter, the Company spent ~\$0.7m on exploration and evaluation activities, ~\$2.1m on corporate, administration and business development costs and ~\$20.7m on project development activities including:

- Continuation of detailed engineering on the hydrometallurgical plant and engineering activities on other aspects of Nolans.
- Project management.
- Payments relating to the procurement of the sulphation (acid bake) equipment for Nolans. No additional payments will be made for the procurement of this equipment until project funding is achieved.
- A payment to APA Group for services rendered to date under the Early Works Agreement for a proposed high efficiency cogeneration plant to supply energy to Nolans, executed in July 2023.

The Company expects cash outlays in the June 24 quarter will reduce due to the expenditure review process undertaken.

Payments of ~\$1m reported in Item 6.1 of the attached Appendix 5B relate to salaries, fees, special exertion payments to Darryl Cuzzubbo (whilst a non-executive director) and superannuation paid to the Directors of Arafura and a termination payment to the Company's previous Managing Director Gavin Lockyer (refer to ASX release dated 5 February 2024).

Further details on cashflows for the March 2024 are available in the attached Appendix 5B.

People and capability update

On 5 February 2024 Darryl Cuzzubbo was announced as Arafura's Managing Director and CEO, with immediate effect (refer ASX announcement 5 February 2024).

Subsequent to end of quarter two new non-executive directors were appointed (refer ASX Announcement 4 April 2024) and three new leadership team roles were announced, including the critical role of Chief Operating Officer (refer announcement 8 April 2024). These appointments ensure capability is in place to secure investment and to immediately commence construction upon FID.

Tenements

In accordance with ASX Listing Rule 5.3, please refer to Appendix 1 for a listing of all tenement holdings.

Forward Looking Statements

This report includes forward-looking statements. These statements relate to the Company's expectations, beliefs, intentions or strategies regarding the future. These statements can be identified by the use of words like "will", "progress", "anticipate", "intend", "expect", "may", "seek", "towards", "enable" and similar words or expressions containing same.

The forward-looking statements reflect the Company's views and assumptions with respect to future events as of the date of this announcement and are subject to a variety of unpredictable risks, uncertainties, and other unknowns. Actual and future results and trends could differ materially from those set forth in such statements due to various factors, many of which are beyond our ability to control or predict. Given these uncertainties, no one should place undue reliance on any forward-looking statements attributable to the Company, or any of its affiliates or persons acting on its behalf. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Neither the Company nor any other person gives any representation, warranty, assurance, nor will guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. To the maximum extent permitted by law, the Company and each of its advisors, affiliates, related bodies corporate, directors, officers, partners, employees and agents disclaim any responsibility for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise.

Production Targets and Forecast Financial Information

The information in this report that relates to production targets and forecast financial information (in relation to the capital cost estimate of A\$1,590 million) is extracted from the Company's ASX Announcement dated 11 November 2022 (Nolans Project Update). The production target is based on 12% Proved Reserves, 62% Probable Reserves and 26% inferred resources as reported in the Company's ASX Announcement dated 11 November 2022. 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, other than as set out in this report, all material assumptions underpinning the production target and forecast financial information derived from the production target set out in the Company's ASX Announcement dated 11 November 2022 (including any assumptions referred to in the Company's ASX Announcement dated 11 November 2022 that were sourced from the DFS as set out in the Company's ASX Announcement dated 7 February 2019 (Nolans Project Definitive Feasibility Study) or from the Updated Mining Study as set out in the Company's ASX Announcement dated 16 March 2020 (Major Increase in Mine Life for the Nolans Project), continue to apply and have not materially changed.

APPENDIX 5B**Mining exploration entity and oil and gas exploration entity quarterly report**

Name of entity	
Arafura Rare Earths Ltd	
ABN	Quarter ended ("current quarter")
22 080 933 455	31 March 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities	-	-
1.1	Receipts from customers		
1.2	Payments for	-	-
	(a) exploration & evaluation		
	(b) development	(20,686)	(89,685)
	(c) production	-	-
	(d) staff costs	(1,995)	(4,483)
	(e) administration and corporate costs	(2,052)	(8,288)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	654	2,048
1.5	Interest and other costs of finance paid	(86)	(286)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	8,986	8,986
1.8	Other	-	-
1.9	Net cash from / (used in) operating activities	(15,179)	(91,709)

2.	Cash flows from investing activities	-	-
2.1	Payments to acquire:		
	(a) entities		
	(b) tenements and bonds	-	-
	(c) property, plant and equipment	(34)	(119)
	(d) exploration and evaluation	(717)	(2,190)
	(e) investments	-	-
	(f) other non-current assets (environmental bond and term deposit)	-	(1,679)
2.2	Proceeds from the disposal of:	-	-
	(a) entities		
	(b) tenements	-	-
	(c) property, plant and equipment	-	25
	(d) investments	-	-
	(e) other non-current assets	1,552	1,552
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	801	(2,411)

3.	Cash flows from financing activities	6,510	31,510
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(353)	(1,578)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (repayment of lease liabilities)	(899)	(6,724)
3.10	Net cash from / (used in) financing activities	5,258	23,208

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	66,940	128,848
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(15,179)	(91,709)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	801	(2,411)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,258	23,208
4.5	Effect of movement in exchange rates on cash held	(46)	(161)
4.6	Cash and cash equivalents at end of period	57,774	57,774

5.	Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	57,774	66,940
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	57,774	66,940

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate number of payments to related parties and their associates included in item 1	(1,005)
6.2	Aggregate number of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Salaries, fees, special exertion services by Darryl Cuzzubbo (whilst a non-executive director) and superannuation of Directors of the Company and a termination payment for Gavin Lockyer.

7.	Financing facilities Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
Not applicable.			

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(15,179)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(717)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(15,896)
8.4	Cash and cash equivalents at quarter end (item 4.6)	57,774
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	57,774
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.6
	Note: if the entity has reported positive relevant outgoings (i.e. a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
	8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: Not applicable.	
	8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: Not applicable.	
	8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: Not applicable.	
	Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.	

COMPLIANCE STATEMENT

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

Date: 29 April 2024

Authorised by: The Audit Committee

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

Notes

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

APPENDIX A – MINING TENEMENTS HELD AS AT 31 MARCH 2024

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