



23/01/2025

Ms Diane Djotaroeno  
ASX Limited  
20 Bridge Street, Sydney  
NSW 2000  
Australia

Dear Diane,

## RE: RESPONSE TO QUERY LETTER- LR 15.7- 16 JANUARY 2025

I refer to your letter dated 16 January 2025 that refers to the article appearing in the Australian Financial Review titled “*Labor boosts backing of Rinehart-backed Arafura to \$1b*” published on 15 January 2025.

Arafura Rare Earths Limited (**Arafura** or **ARU**) received an A\$200m convertible note investment commitment from the National Reconstruction Fund Corporation (**NRFC**) in support of the development of the Nolans Project. This is a significant milestone for the Company given it is the first step in its staged equity strategy (Refer to ASX Announcement and Presentation dated 23 July 2024) and is expected to be a catalyst for additional equity funding to help deliver Australia’s first ore-to-oxide rare earths processing operation. The binding term sheet with NRFC was executed after market close on 14 January 2025 and the Company’s ASX announcement was lodged with the Market Announcement Platform later that evening for release pre-market open on 15 January 2025.

Please see our responses below to each of the questions included in the Letter.

1. Did ARU, or anyone representing ARU, provide a statement to the media concerning the information in the Article?

*Arafura did not intend for there to be any statement by Arafura to the media in relation to the NRFC transaction until after release of Arafura’s ASX announcement on 15 January 2025. A comprehensive media engagement plan was in place (agreed with the relevant Government entity) that involved a media conference on 15 January 2025 at 9:30am AEDT, post-release of the ASX announcement. Arafura had also organised its own investor call for the same day at 12:30pm AEDT, the details of which were contained at the bottom of its ASX announcement.*

*On the afternoon of 14 January 2025, after market close, Arafura was made aware (via its external media adviser) that the counterparty had provided a copy of NRFC’s media release to the Australian Financial Review with an embargo in place until midnight that night. Arafura was aware, based on previous experience and advice from its external media adviser, that this would likely mean that an article would be released by the Australian Financial Review shortly after midnight.*

*Arafura was also aware that NRFC’s media release (copy attached) contained very little detail regarding the nature of the transaction and was concerned (based on its prior experience with Commonwealth funding packages) that the investment might be misconstrued in the media as a Commonwealth grant rather than a commercial investment via convertible note which must either be converted into Arafura equity or repaid by*

*Arafura. Arafura's concern was based on its past experience with the media and public perception post-announcement of its debt financing arrangements with Export Finance Australia (EFA) and the Northern Australia Infrastructure Facility (NAIF) in March 2024. Despite being described as debt funding, Arafura spent considerable time correcting the mis-perception that the funding received was "free money".*

*In order to address Arafura's concern, and in the knowledge that Arafura's ASX announcement would be released before market open the following morning (and before any trading could take place), Arafura's media adviser made contact with the relevant journalist at the Australian Financial Review to ensure the integrity of the information to be released in the article. It was clear from the discussion with the journalist that the journalist was not fully aware of the nature of the investment. For that reason, Arafura's media adviser provided a copy of Arafura's ASX announcement (which was yet to be released via ASX) to the journalist on an embargoed basis (to match the embargo applied by the counterparty).*

*Arafura reiterates that its media adviser only released this information to the journalist because the journalist was going to release an article overnight and Arafura was concerned that a prominent article in the Australian Financial Review would, if not accurate, misinform the market and be very difficult to correct notwithstanding the subsequent release of Arafura's ASX announcement. The timing of release of the article was outside of Arafura's control.*

2. If the answer to question 1 is "yes":

2.1. Please provide a copy of that correspondence (not for release to the market);

*Please see attached email correspondence.*

2.2. Explain when (time and date), and by whom, the information was first provided to the media; and

*The discussion between Arafura's media adviser and the Australian Financial Review's Political correspondent took place at approximately 7:15pm AEDT on 14 January 2025 following a call from NRFC which alerted Arafura's media adviser to the release of the NRFC's media release to the Australian Financial Review, embargoed until midnight. The email referred to above and attaching Arafura's ASX release (and embargoed on the same basis) was sent at 7:21pm AEDT on 14 January 2025.*

2.3. Does ARU consider this to be compliant with Listing Rule 15.7? If so, please explain the basis for that view.

*ARU understands that it was not in compliance with Listing Rule 15.7 given that the ASX release was released to the Australian Financial Review (for the reasons stated above) before release on ASX's platform. However, this only occurred because the NRFC's media release had been released on an embargoed basis and ARU was keen to ensure that the market was not misinformed (having regard to its obligations under ASX Listing Rule 3.1).*

3. If the answer to question 1 is "no", is there any other explanation as to how the information appeared in the Article?

*N/A*

4. What arrangements does ARU have in place to ensure compliance with Listing Rule 15.7?

*Arafura has in place a Disclosure Policy (published on Arafura's website) to ensure the timely and balanced disclosure of all material matters concerning Arafura. This Policy specifically acknowledges Listing Rule 15.7 and the requirement to ensure information is released to ASX (and receipt acknowledged) before release to any third party. All staff and contractors are made aware of this Policy and Arafura takes steps to ensure that all staff, contractors and advisers understand and comply with the Policy.*

5. In light of the Article, what additional steps will ARU take to ensure compliance with Listing Rule 15.7?

*ARU is aware that material must be provided to ASX (and release acknowledged by ASX) before being released to the media (or anyone else), even on an embargoed basis. Arafura also acknowledges paragraph 4.16 of ASX*

*Guidance Note 8 which provides additional commentary, including the steps that should be taken if events occur outside of the hours of operation of the ASX Market Announcements office.*

*The circumstances here were unusual, leaving Arafura in a position where it either had to allow the potentially misleading article to be published (and disseminated widely in a prominent newspaper) or provide additional information to the journalist upfront to correct the potentially misleading aspects of the article.*

*In future, Arafura will refrain from releasing material to the media (or anyone else) on an embargoed basis and take additional steps to ensure that counterparties understand the Company's disclosure obligations. This will ensure that media releases (from both parties) are aligned carefully so as to allow strict compliance by ARU with its obligations under the Listing Rules (and without the risk of misleading the market or creating a false market).*

*ARU will also take additional steps to ensure that relevant employees and external advisers comply strictly with all aspects of ARU's Disclosure Policy and the ASX Listing Rules, and Arafura will have specific regard to paragraph 4.16 of ASX Guidance Note 8 if similar circumstances arise.*

6. Please confirm ARU's responses to the above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its Board or an officer of ARU with delegated authority from the Board to respond to ASX on disclosure matters.

*ARU's response to the above has been authorised and approved by the Board of Directors.*

Regards,



**Catherine Huynh**  
**Company Secretary**



16 January 2025

Reference: 105218

Ms Catherine Huynh  
Company Secretary  
Arafura Rare Earths Ltd

By email: chuynh@arultd.com

Dear Ms Huynh

**Arafura Rare Earths Ltd ('ARU'): Compliance with Listing Rule 15.7**

ASX refers to the following:

A. The article appearing in Australian Financial Review titled *"Labor boosts backing of Rinehart-backed Arafura to \$1b"* published [online at 12:01 AM AEDT] on 15 January 2025 which stated:

- (i) The Albanese government is doubling down on its commitment to the Gina Rinehart backed Arafura Rare Earths with a \$200 million equity investment that will take taxpayers' exposure in the company to more than \$1 billion. The commitment from the National Reconstruction Fund Corporation ('NRFC') illustrated the government's support for the project.

(the 'Article').

ARU's announcement titled "Arafura receives A\$200m investment commitment from the NRFC" released on the ASX Market Announcements Platform ('MAP') at 8:23 AM AEDT on 15 January 2025 in which ARU disclosed that:

- (ii) It received A\$200 million investment commitment from the NRFC in support of the development of the Nolans Project

(the 'Announcement').

B. Listing Rule 3.1 which states:

*"Once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, the entity must immediately tell ASX that information"*

C. Listing Rule 15.7 which states:

*"An entity must not release information that is for release to the market to any person until it has given the information to ASX and has received an acknowledgment that ASX has released the information to the market."*

D. The note to Listing Rule 15.7 which states:

*"Note: This rule prohibits an entity giving information to the media even on an embargoed basis."*

As the Article was published prior to the Announcement being released on MAP and before ARU received an acknowledgment that ASX has released the information to the market, it appears that ARU may have breached Listing Rules 3.1 and/or 15.7.

**Request for Information**

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Having regard to the above, ASX asks ARU to respond separately to each of the following questions and requests for information:

1. Did ARU, or anyone representing ARU, provide a statement to the media concerning the information in the Article?
2. If the answer to question 1 is “yes”:
  - 2.1 please provide a copy of that correspondence (not for release to the market);
  - 2.2 explain when (time and date), and by whom, the information was first provided to the media; and
  - 2.3 does ARU consider this to be compliant with Listing Rule 15.7? If so, please explain the basis for that view.
3. If the answer to question 1 is “no”, is there any other explanation as to how the information appeared in the Article?
4. What arrangements does ARU have in place to ensure compliance with Listing Rule 15.7?
5. In light of the Article, what additional steps will ARU take to ensure compliance with Listing Rule 15.7?
6. Please confirm ARU’s responses to the above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its Board or an officer of ARU with delegated authority from the Board to respond to ASX on disclosure matters.

ASX expects ARU to make reasonable enquiries to put itself in a position to answer the questions above.

**When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **3:00 PM AWST Tuesday, 21 January 2025**. Your response should be sent by e-mail to [ListingsCompliancePerth@asx.com.au](mailto:ListingsCompliancePerth@asx.com.au). It should not be sent directly to the ASX Market Announcements Office.

**Release of correspondence between ASX and entity**

We reserve the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Yours sincerely

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ASX Compliance