

ASX ANNOUNCEMENT

RARE EARTH INDUSTRY ASSOCIATION WEBINAR

12 March 2021



Arafura Resources Limited (ASX:ARU) (“Arafura” or the “Company”) is pleased to attach a copy of its presentation at the Webinar on Rare Earth Market and Geo-Economics hosted by the Global Rare Earth Industry Association (REIA). REIA is an international non-profit organisation representing the global rare earth element (REE) industry. With active members worldwide, it is well placed to contribute to a better understanding of the REE value chain. REIA is funded by EIT Raw Materials GmbH, a European commission sponsored organisation.

Mr Lloyd Kaiser, Arafura’s General Manager- Sales & Marketing, presented the Nolans project on the topic of “NdPr outlook and opportunity for future supply”.

-ENDS-

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NdPr

NdPr Outlook and Opportunity for **Arafura's Nolans Project**

March 2021





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Mineral Resources and Ore Reserves

The information in this presentation that relates to Mineral Resources was released in an 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 presentation 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 Resources confirms that it is not aware of any new information or data that materially affects the information included in the 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 Resources confirms that the form and context in which the Competent Person's findings are represented have not been materially modified from the original market announcement.

Production Targets and Forecast Financial Information

The information in this presentation that relates to production targets and financial information included in this presentation is extracted from ASX announcement dated 16 March 2020 (Major Increase in Mine Life for the Nolans Project). Arafura confirms that all material assumptions underpinning the production target and forecast financial information derived from production targets set out in the announcement released on 16 March 2020 (including the cost and pricing assumptions referred to in the Company's 16 March 2020 announcement that were used in the DFS and which are set out in the Company's ASX Announcement 7 February 2019 (Nolans Project Definitive Feasibility Study)), continue to apply and have not materially changed.

Key Discussion Points

1

Project Highlight

2

NdPr Outlook & Opportunity

3

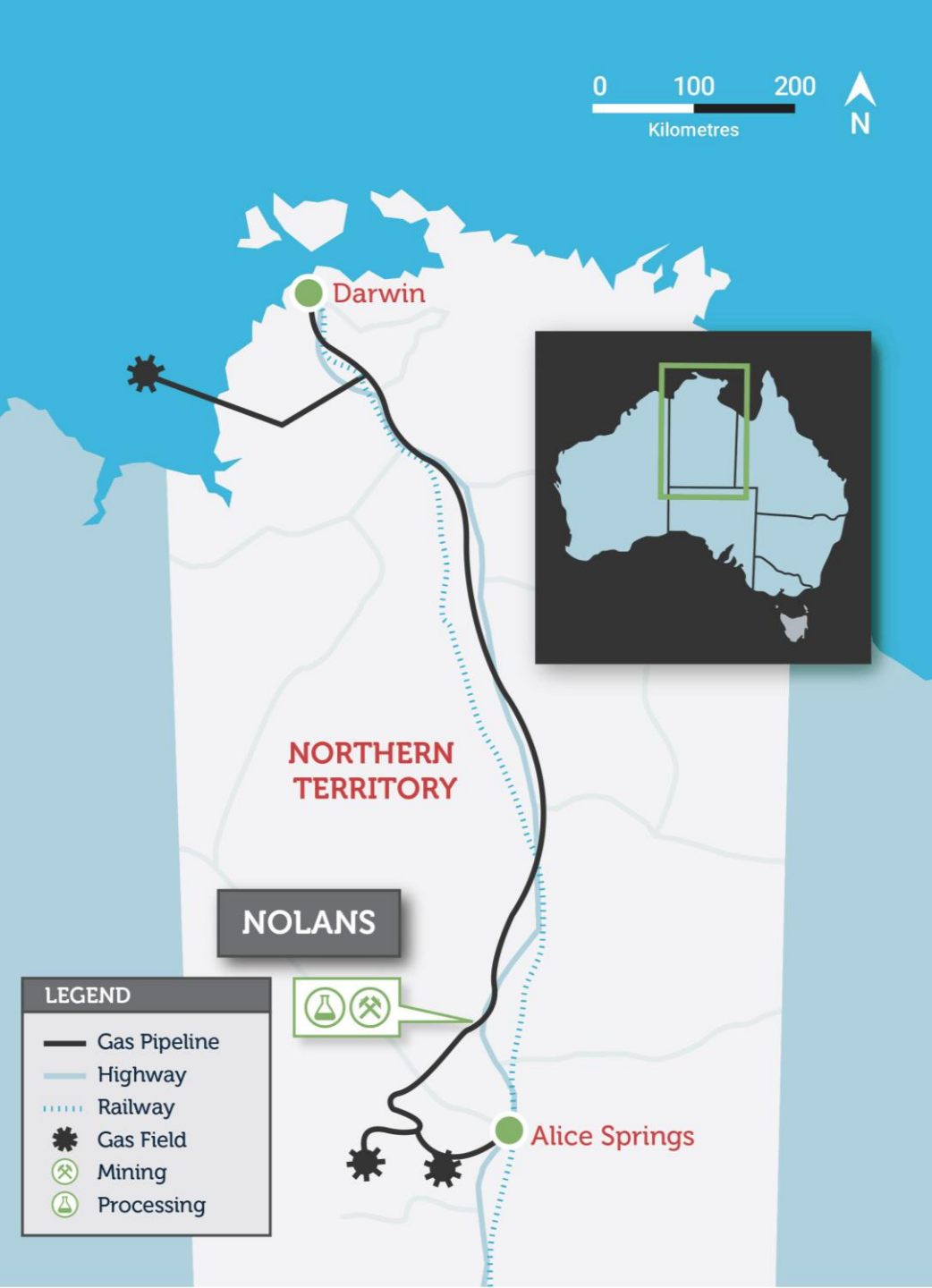
Offtake and Funding

4

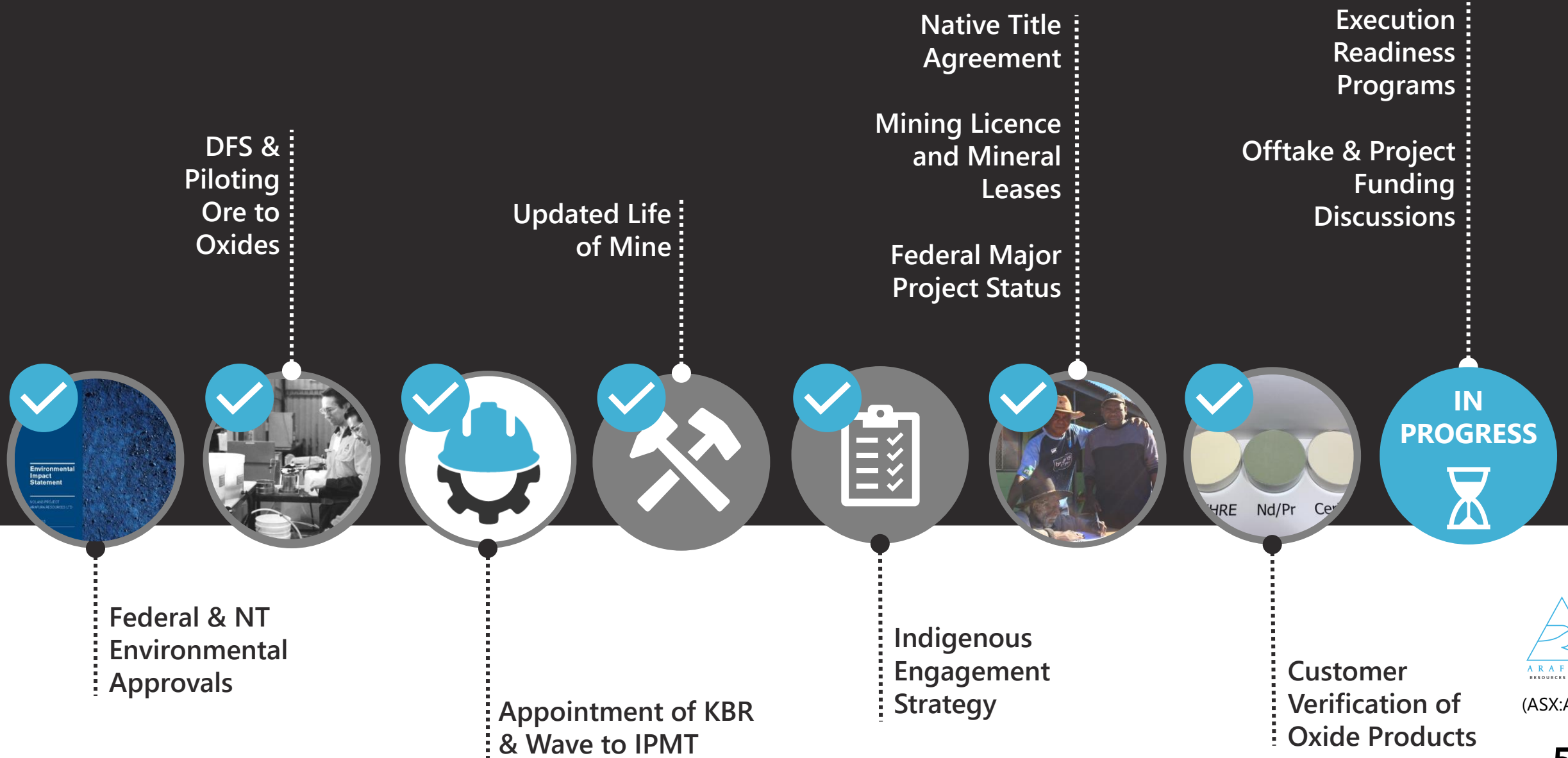
Next Steps

Nolans Project Highlights

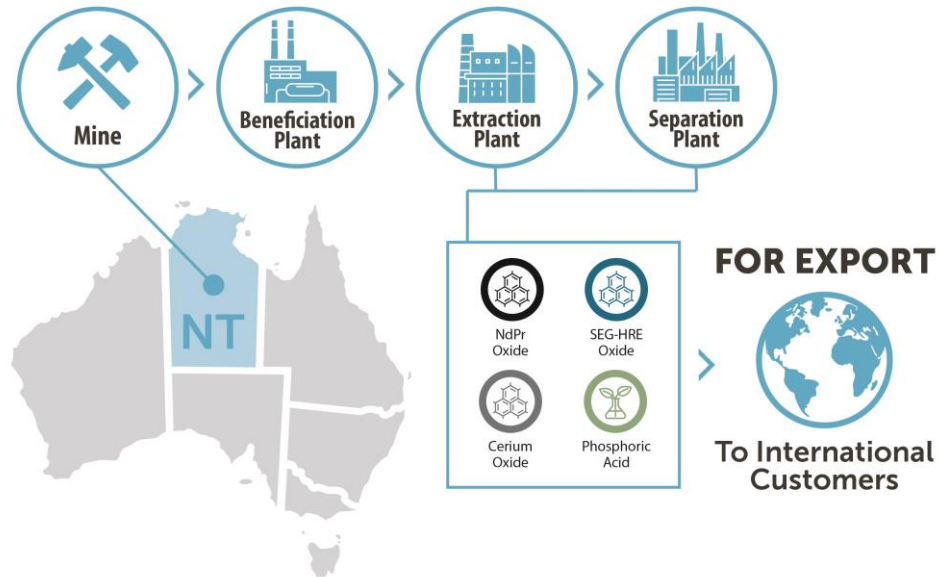
- ✓ The Nolans Project is a globally significant rare earth's project located in Australia
- ✓ Advanced NdPr project and geopolitical asset with production aligned to forecast supply shortage
- ✓ Sustainable transparent NdPr supply source
- ✓ Long Life strategic resource with project life of 39 years
- ✓ Environmental regulatory approvals and all permits secured
- ✓ Feasibility Study completed, includes fully costed permanent disposal facility
- ✓ Advancing engineering towards project execution
- ✓ **NdPr offtake and project funding** currently the main project focus





Nolans NdPr Shovel Ready



NdPr Opportunity



 Ore to oxides at single site

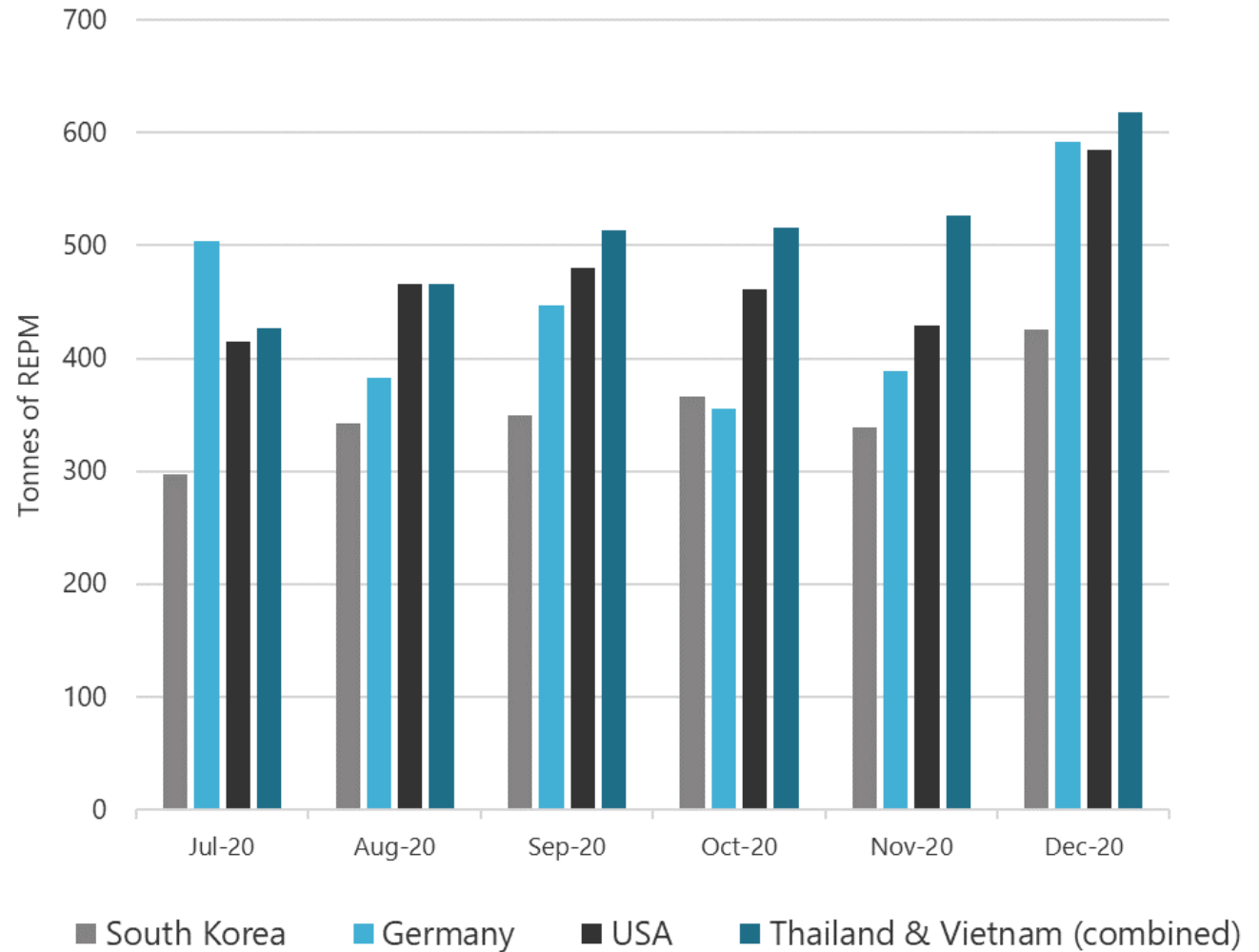
 Product traceability and waste management certainty

- ✓ Strong demand outlook for NdPr
- ✓ Supply risks and shortages
- ✓ Positive momentum in the market
- ✓ Green economy – renewables and e-mobility
- ✓ Geopolitical tensions and shifting policies
- ✓ Industry seeking supply chain diversification & security
- ✓ Sustainable sourcing & traceability
- ✓ Rebuild & invest in value chain - ERMA
- ✓ Creating window of opportunity to develop advanced projects

REPM Market

- ✓ Accelerated magnet demand in H2 driven by multiple segments - Auto, Wind, Electronics, Industrial & e-bike
- ✓ 7% CAGR Global & China 10% CAGR
- ✓ Strong demand in China domestic and export market – creating supply shortage
- ✓ NEV growth China and Europe
- ✓ Green transition, government stimulus and incentives for renewables and e-mobility
- ✓ Magnet demand aligning with higher demand and prices for NdPr
- ✓ REPM relies heavily RE imports & illegal sources of supply to meet demand

Permanent Magnets Imports

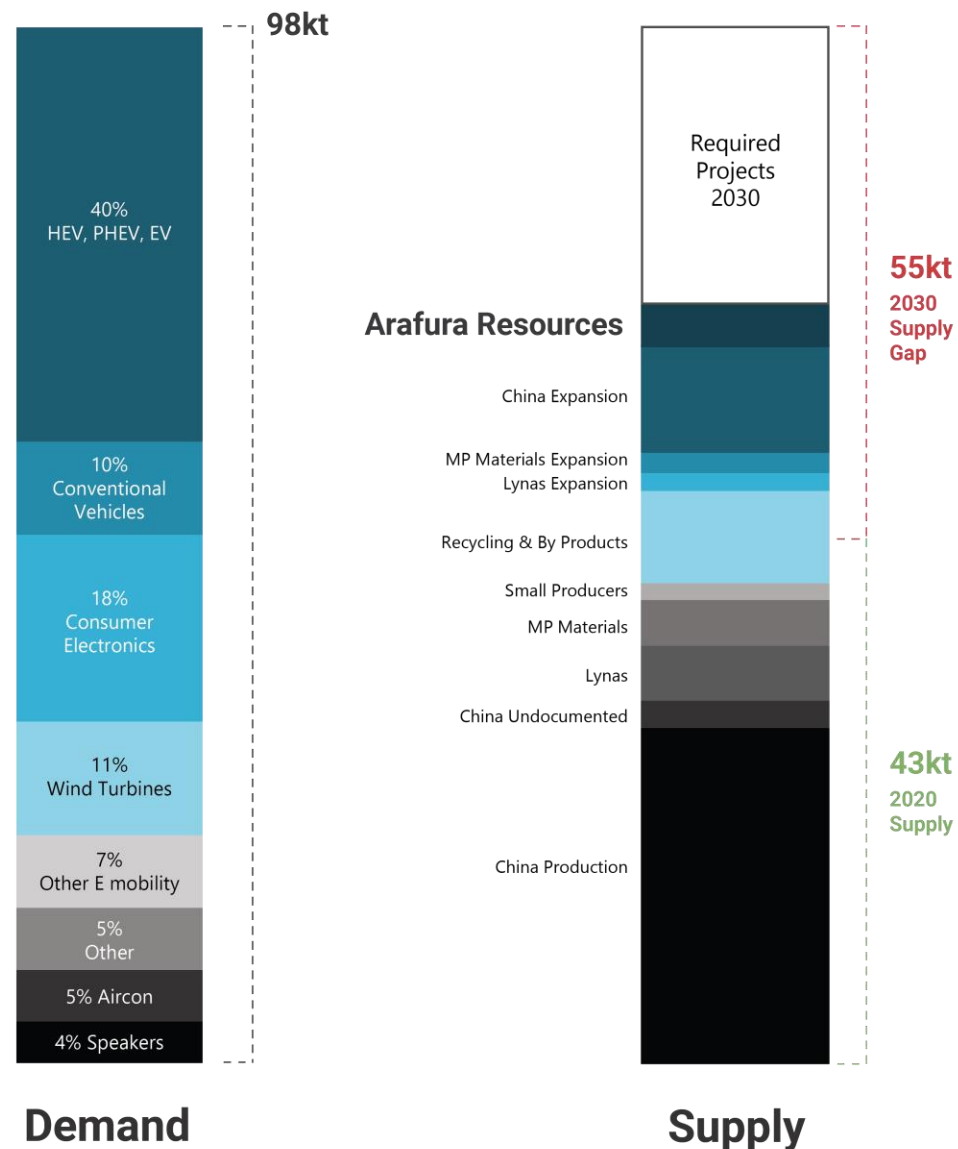


Reference: General Administration of Customs of China via Baiinfo March 2021

NdPr Outlook

- ✓ Forward growth in multiple segments - Auto, Wind, Electronics, industrial applications
- ✓ EV investment plans and global adoption of NEV
- ✓ Offshore wind energy sector will accelerate with strong growth from new projects
- ✓ China encourages NdPr imports to support its own downstream industry
- ✓ Supply reforms, industry consolidation and higher environmental standards will constrain China's ability to rapidly increase NdPr production
- ✓ Export policy may restrict flow of supply of NdPr
- ✓ Supply constraints emerging
- ✓ Investment in new projects required to meet demand requirements

2030 NdPr Supply & Demand



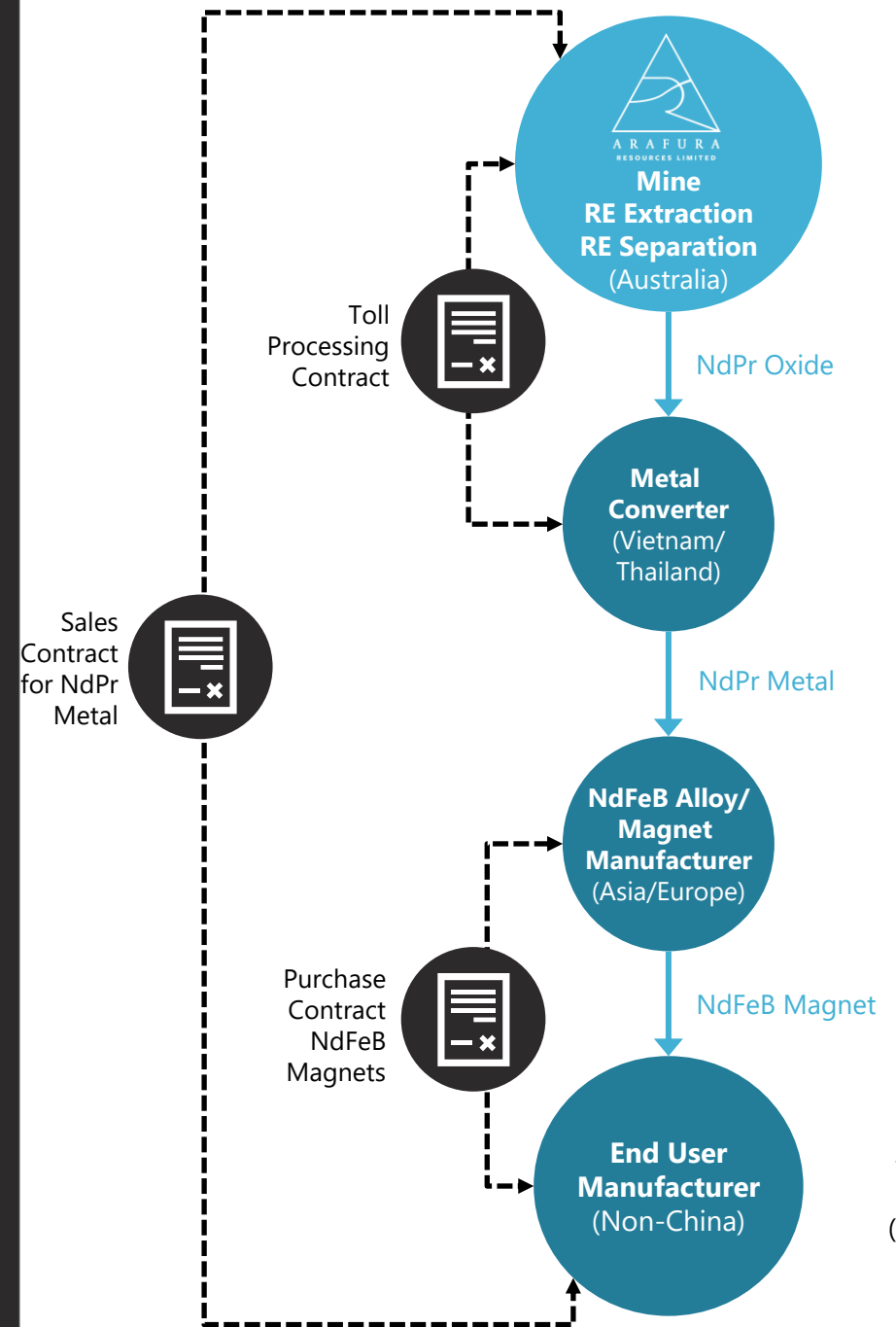
Reference: Arafura internal Supply Demand forecast referencing various Agency market reports

Offtake & Supply Chain

Sustainable producer of NdPr to align to "green procurement" strategy

- 1** **Customer engagement** targeted at NdPr users **not aligned** with *Made in China 2025* strategy
- 2** Offtake advanced with various European, Japanese and Korean end users – Automotive component, OEMs and Wind Turbine
- 3** Offtake Model proposes 'Toll Processing' of metal providing a complete traceable and verified supply chain solution to satisfy end users sustainability requirements

ARU has an MoU with SE Asia based toll metal converter



Next Steps

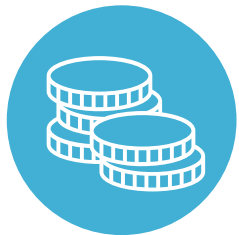
Activities Across:



Construction & project delivery strategy



Offtake



Funding

Funding Structure & Progress

- ✓ ECA debt and strategic equity all interlinked and driving schedule
- ✓ Arafura is seeking Australian Government led ECA funding – EFA and NAIF
- ✓ Funding Timeline is critical to meet current market opportunity and create an alternative supply chain for the rest of the world
- ✓ Window of opportunity to enable future supply
- ✓ Require Industry to take action to cease the opportunity



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