

ASX ANNOUNCEMENT

EU AMBASSADOR DELEGATION

26 May 2021



Arafura Resources Limited (ASX:ARU) (“**Arafura**” or the “**Company**”) is pleased to attach a copy of its presentation at the EU Northern Territory Mission, hosted by the Northern Territory Government. The delegation includes dignitaries and ambassadors of the EU, Member- State Trade and Investment Counsellors and Commissioners. The delegation is held in Darwin over 24- 28 May 2021.

Mr Gavin Lockyer, Arafura’s Managing Director, is presenting the Nolans project on the topic of “The European Green Deal & Arafura’s Nolans NdPr Project”.

-ENDS-

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NdPr

The European Green Deal & Arafura's Nolans NdPr Project

EU Ambassador Delegation, Darwin
May 2021





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Mineral Resources and Ore Reserves

The information in this presentation that relates to Mineral Resources is extracted from the Company's 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 is extracted from the Company's 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 presented have not been materially modified from the original market announcements.

Production Targets and Forecast Financial Information

The information in this presentation that relates to production targets and financial information is extracted from the Company's ASX announcement dated 11 May 2021 (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 May 2021. 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 and forecast financial information derived from the production target set out in the Company's ASX announcement dated 11 May 2021 (including any assumptions referred to in the Company's ASX announcement dated 11 May 2021 that were used 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.

Europe is the Worlds Green Leader

NdPr is critical in every major growth segment of Europe's economy, specifically in the Sustainable Sectors



WIND TURBINES



ARTIFICIAL INTELLIGENCE



ELECTRIC VEHICLES

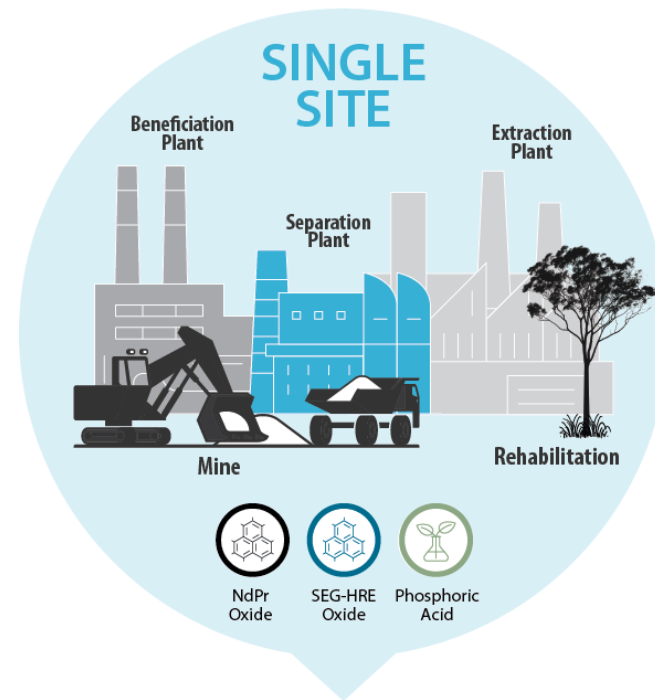


AEROSPACE



SUBMARINES

- Brussels and Member-state leadership across Gigafactory ecosystems, wind energy, defence manufacture and high-tech, security of NdPr supply is a cornerstone of European and Australian cooperation.
- EU supply chains are not diversified against risk or competition and is almost wholly dependant on non-ESG complaint suppliers and systemic competitors.





FOR EXPORT
To International Customers

The Nolans Project

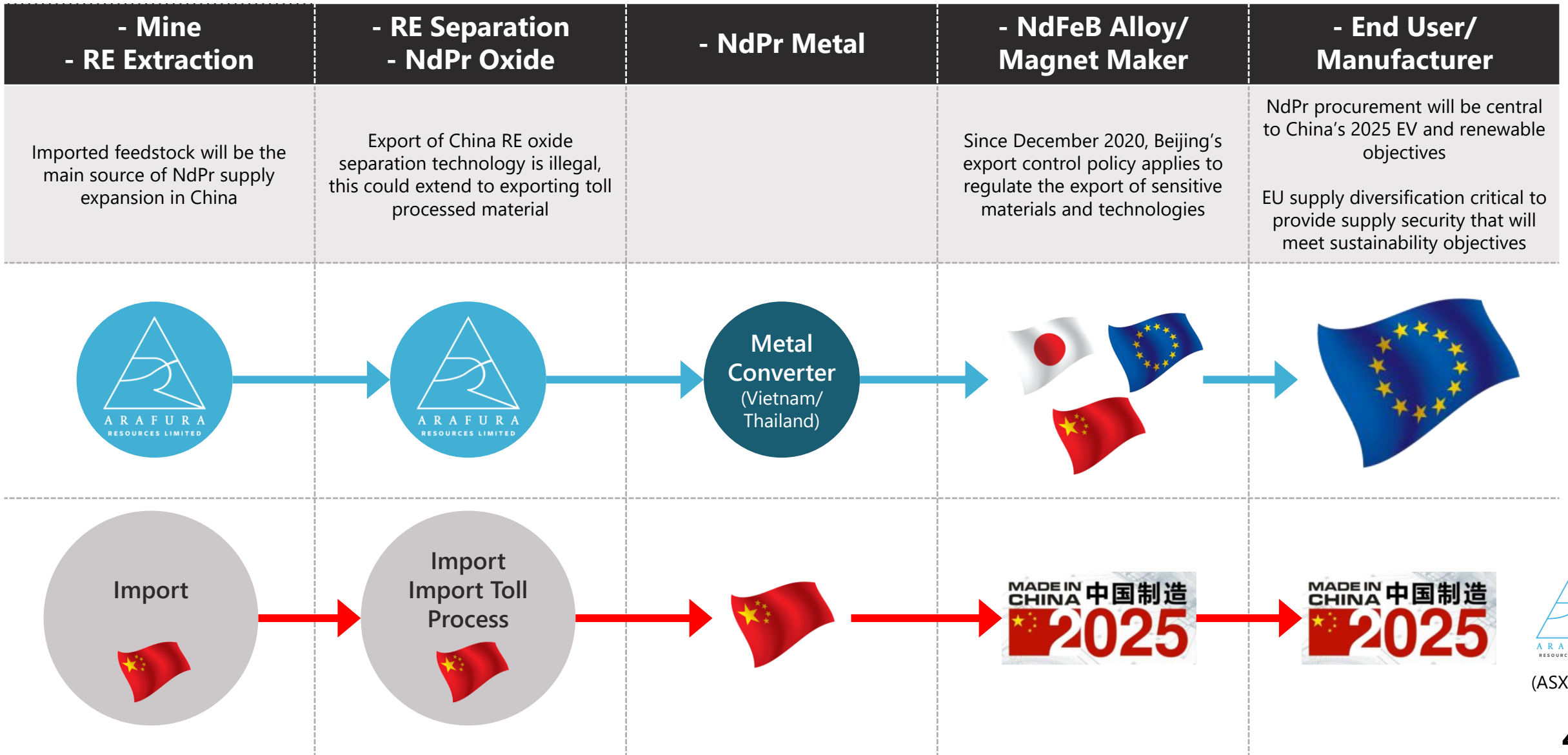
The only NdPr focused project that is fully permitted to mine and process ore to oxide at a single site.

- ✓ Traceable product
- ✓ Waste management certainty
- ✓ Rehabilitation
- ✓ All environmental approvals
- ✓ Aligned with Europe's ESG expectations

The Made in China 2025 Map

 European Value Chain
 China Value Chain

18/05/2021



(ASX:ARU)

China expected to be net importer by 2025

DEMAND



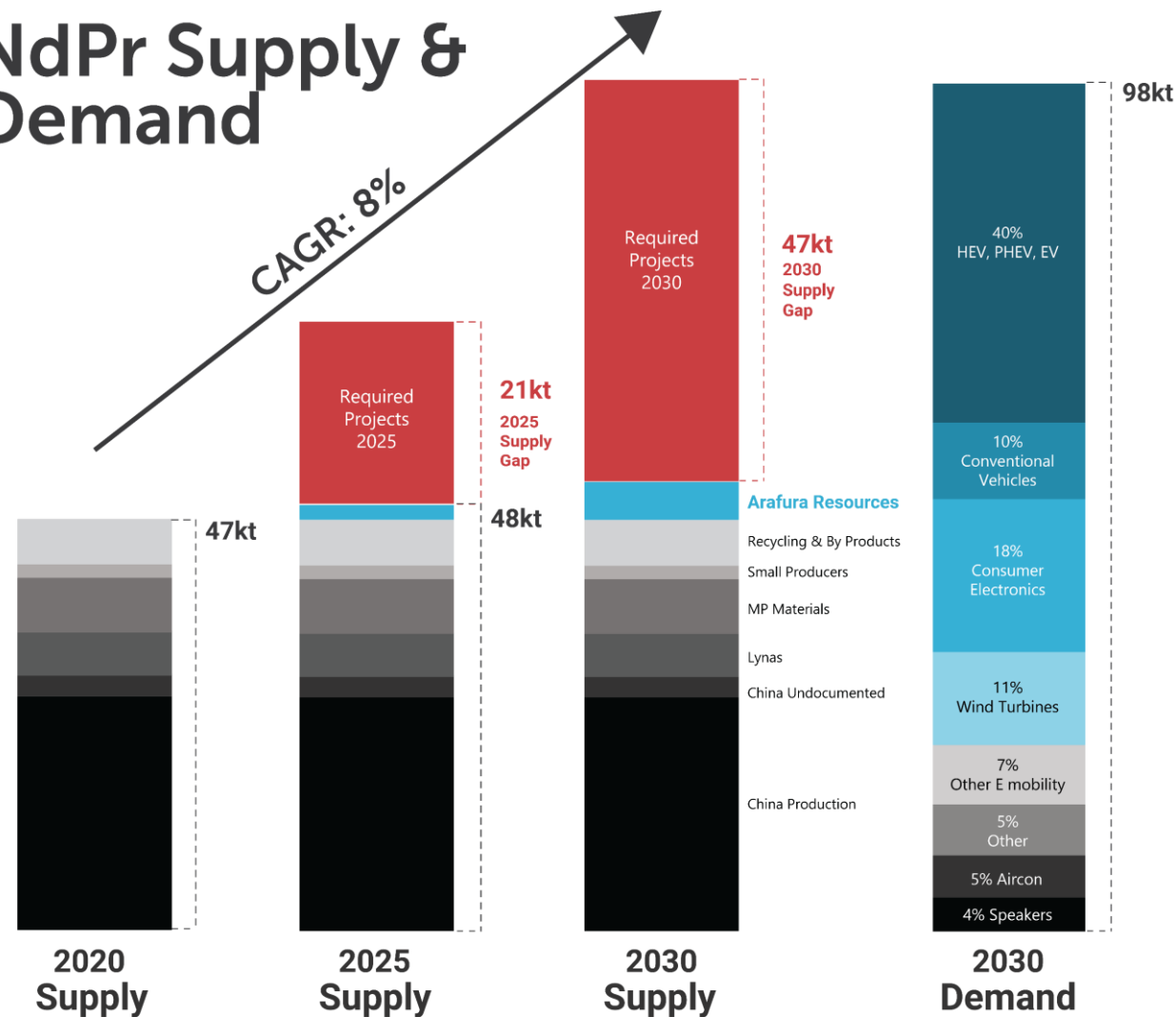
- ✓ Automotive sector is forecast to consume nearly 50% of NdFeB supply
- ✓ Supply gap is growing at a cumulative annual growth rate (CAGR) of 8%
- ✓ 2030 forecast assumes ~34 million EVs
- ✓ 2021 demand is forecast to increase by 14%

SUPPLY



- ✓ Market analysts forecast a supply gap that represents 109% of global supply today and is in excess of 11 Nolans Projects
- ✓ NdFeB magnets will move to the best value in use
- ✓ The emerging supply gap has extra significance for companies not aligned with the China 2025 strategy
- ✓ China's import of rare earth ore surged 174% in March 2021; average import price rose 23.1%

NdPr Supply & Demand

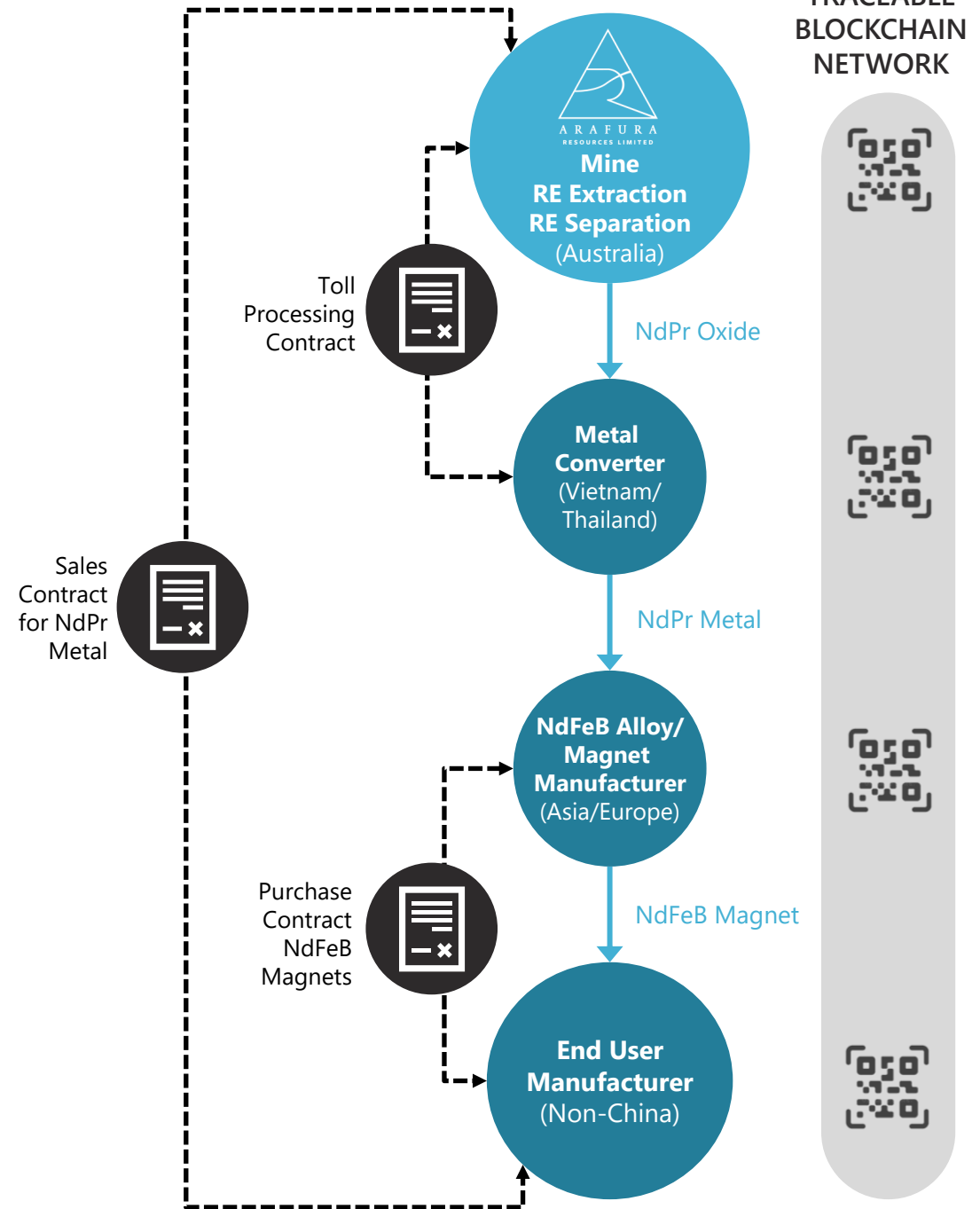


Source: Arafura internal Supply Demand forecast referencing against data from CRU, Rare Earth Market Study 2020; Roskill, Rare Earth Market Analysis 2018, Adamas Intelligence, Rare Earth Market Outlook to 2030.

Nolans Supply Chain Model can offer EU customers a diversified and traceable supply chain

- 1 Offtake Model proposes 'Toll Processing' of metal providing a complete traceable and verified supply chain solution to satisfy end users sustainability requirements
- 2 Offtake Model proposes delivery of NdPr metal into End Users existing supply chain
- 3 Provides customers with security of NdPr supply, verified traceable supply and optionality to direct material to a chosen magnet maker

ARU has an MoU with SE Asia based toll metal converter and aiming to execute a tolling agreement



EU & Australia must target Industrial Alliance to secure NdPr



- ✓ EU is one of the fastest growing EV and renewables markets with increased ESG compliance across supply chains
- ✓ To reduce future supply chain risks and meet ESG goals, EU OEM's must be more strategic and actively engage ESG compliant suppliers like Arafura
- ✓ Australian and European governments must work together to provide EU end-users with NdPr security
- ✓ Australian Government has provided Arafura a conditional letter of support through Export Finance Australia (EFA) for a 15-year debt facility for \$200m
- ✓ EU ECAs are seeking well structured projects for the supply of critical materials for the manufacturing of EVs and renewable technologies
- ✓ Arafura is "shovel ready" targeting production in 2024

Nolans is fully permitted

Currently seeking offtake, equity and ECA guarantees from EU OEM's, financiers and governments for Project Funding



Regulatory

- ✓ Federal & NT Environmental Approvals secured
- ✓ Government and Minister support for senior debt facility



Security of Tenure & Social License to Operate

- ✓ Native Title Agreement
- ✓ Mining License Granted
- ✓ Federal & NT Major Project Status
- ✓ Indigenous Engagement Strategy



Technical

- ✓ DFS and Project Update complete
- ✓ Extensive piloting of ore to oxides flowsheet
- ✓ Appointment of KBR & Wave to in-house team
- Front End Engineering & Design commencing 2H 2021



Commercial

- ✓ Customer verification of oxide products
- Offtake engagement advanced
- Project Funding discussions underway

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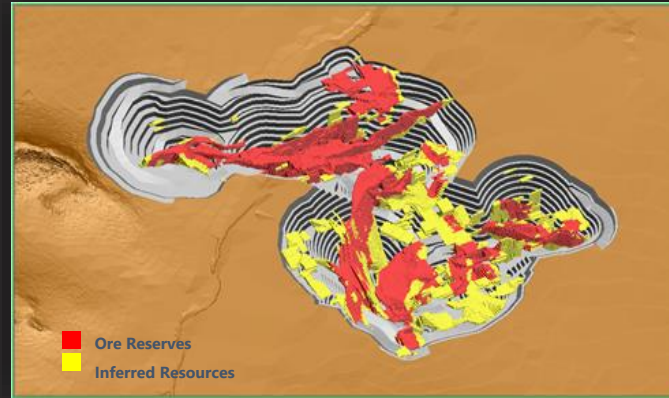


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Asset Overview

- ✓ Strategic Critical Raw Material (CRM) Long Life Asset
- ✓ NdPr enriched rare earth project and open at depth
- ✓ Nameplate NdPr production aligned to Europe's current NdFeB demand
- ✓ Attractive Economics

Ore Reserves



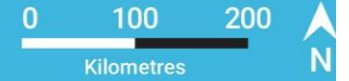
RESOURCES	TONNES (m)	RARE EARTHS TREO %	PHOSPHATE P ₂ O ₅ %	NdPr ENRICHMENT %
Measured	4.9	3.2	13	26.1
Indicated	30	2.7	12	26.4
Inferred	21	2.3	10	26.5
TOTAL	56	2.6	11	26.4

As announced on 7 June 2017. 1% TREO cut-off grade. Numbers may not compute exactly due to rounding. "NdPr enrichment" is the proportion of TREO comprising Nd₂O₃ and Pr₆O₁₁.

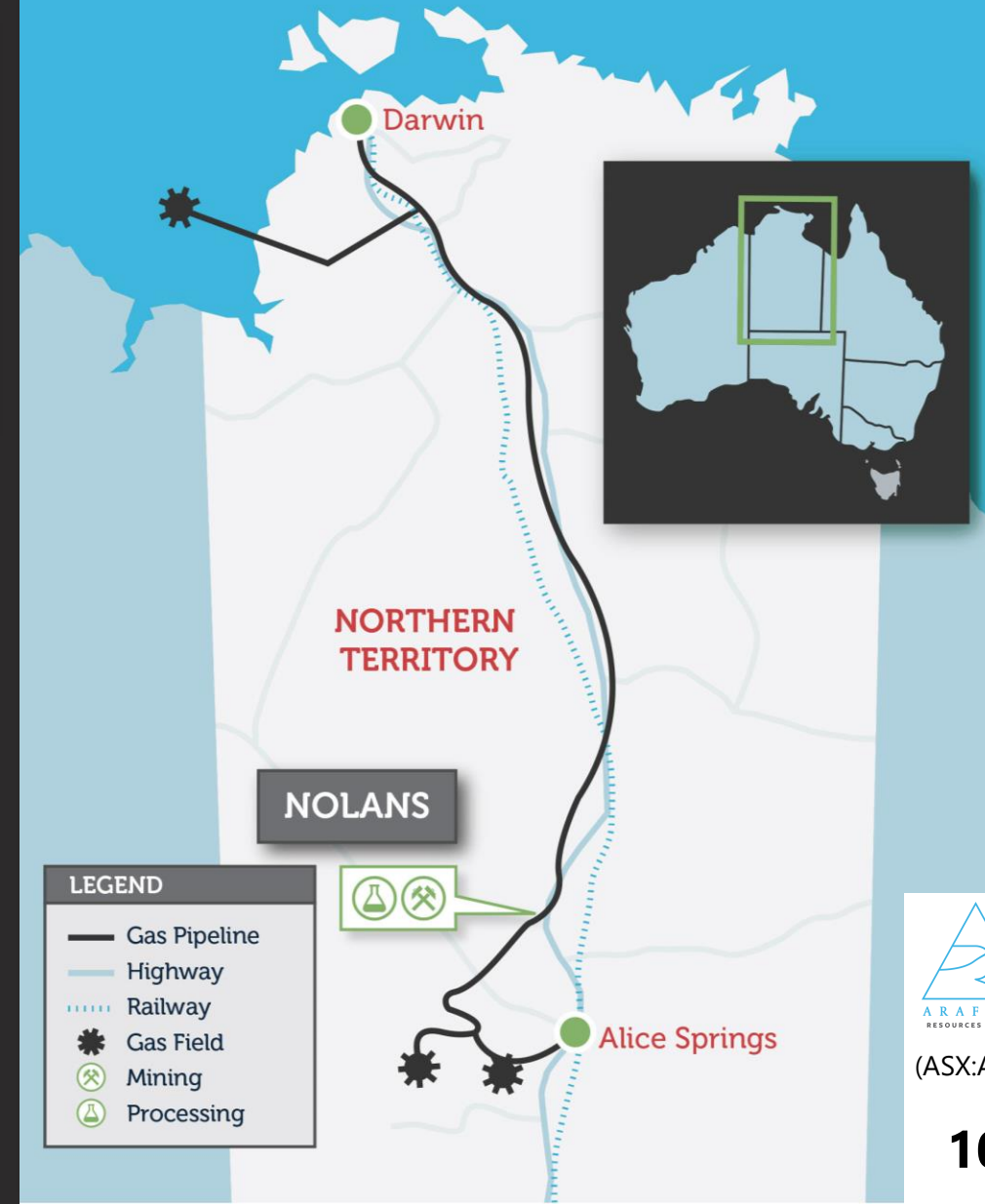
RESERVES	TONNES (m)	RARE EARTHS TREO %	PHOSPHATE P ₂ O ₅ %	NdPr ENRICHMENT %
Proved	5.0	3.0	13	26.2
Probable	24.6	2.8	13	26.5
TOTAL	29.5	2.9	13	26.4

As announced on 16 March 2020. Numbers may not compute exactly due to rounding. "NdPr enrichment" is the proportion of TREO comprising Nd₂O₃ and Pr₆O₁₁.

Project Location



18/05/2021



ESG/Sustainability Program Plan



Ambition

Arafura Sustainability Goal

"Our goal is to be a trusted global leader and supplier of choice for sustainably mined and processed rare earth products, helping our customers deliver clean and efficient technologies. We are committed to delivering positive intergenerational economic, environmental and social benefits to our stakeholders."



Prioritisation

1. Mapped the Arafura stakeholder mix
2. Materiality assessment assessing ESG topics for their importance to both Arafura and our stakeholders
3. Exploration of the external environment and global landscape



Action



Membership application to **UN Global Compact** submitted



Registered to complete **IRMA Ready assessment standard**



Commitment to achieve **net-zero by 2050**



Comprehensive **Sustainability Report** to be released mid-2021



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