Not for release to US wire services or distribution in the United States.

Equity Raising Presentation

June 2021

ARAFURA
RESOURCES LIMITED

Disclaimer

This presentation has been prepared by Arafura Resources Limited ("Arafura", "Arafura Resources", "ARU" or the "Company") in relation to Arafura's proposed placement ("Placement") of new fully paid ordinary shares in Arafura ("New Shares") to certain institutional and sophisticated investors in accordance with section 708A of the Corporations Act 2001 (Cth), together with an offer of New Shares to eligible shareholders under a share purchase plan ("SPP"), as further described in this presentation. The SPP will be conducted in accordance with ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547. Petra Capital Pty Ltd is acting as lead manager and bookrunner to the Placement ("Lead Manager"). The Placement and SPP are not underwritten and together, the Placement and SPP are referred to as the "Offer".

This presentation is in summary form only and therefore contains general background information which may not be complete. It should be read in conjunction with, and full review made of, Arafura Resources' disclosures and releases lodged with the Australian Securities Exchange ("ASX") and available at www.asx.com.au.

This presentation contains certain statements which may constitute "forward-looking statements." Wherever possible, words such as "intends", "expects", "scheduled", "estimates", "anticipates", "believes", and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, have been used to identify these forward-looking statements. Such statements are only expectations or beliefs and are subject to inherent risks and uncertainties which could cause actual values, results or performance achievements to differ materially from those expressed or implied in this presentation. No representation or warranty, express or implied, is made by Arafura Resources that any forward-looking statement contained in this presentation will occur, be achieved or prove to be correct. You are cautioned against relying upon any forward-looking statement.

Except for statutory liability which cannot be excluded, each of Arafura Resources and its related body corporates and their officers, employees and advisers expressly disclaims any responsibility for the accuracy or completeness of the material contained in this presentation and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in this presentation or any error in it or omission from it. Arafura Resources accepts no responsibility to update any person regarding any inaccuracy, omission or change in information in this presentation or any other information made available to a person, nor any obligation to furnish the person with any further information.

This presentation does not constitute an offer of any securities in Arafura Resources, in any jurisdiction, nor an invitation to apply for such securities, in any jurisdiction, and will not form part of any contract for the acquisition of Arafura shares. This presentation is not a prospectus, disclosure document or other offering document under Australian law or under any other law. This presentation does not provide investment advice or financial product advice. You should obtain professional advice and carry out your own independent investigations and assessment of the information in this presentation (including any assumptions) before acting.

This presentation has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 (the "US Securities Act") and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws. The distribution of this presentation in the United States and elsewhere outside Australia may be restricted by law. Persons who come into possession of this presentation should observe any such restrictions as any non-compliance could contravene applicable securities laws. Please refer to the "International Offer Restrictions" section of this presentation (which commences on page 37) for more information.

Information in this presentation which is attributed to a third-party source has not been checked or verified by Arafura Resources.

Mineral Resources and Ore Reserves

It is a requirement of the ASX Listing Rules that the reporting of ore reserves and mineral resources in Australia comply with the Joint Ore Reserves Committee's Australasian Code for Reporting of Mineral Resources and Ore Reserves ("JORC Code"). Investors outside Australia should note that while ore reserve and mineral resource estimates of the Company in this document comply with the JORC Code (such JORC Code-compliant ore reserves and mineral resources being "Ore Reserves" and "Mineral Resources" respectively), they may not comply with the relevant guidelines in other countries, and in particular, they do not comply with Industry Guide 7, which governs disclosures of mineral reserves in registration statements filed with the SEC. Information contained in this document describing mineral deposits may not be comparable to similar information made public by companies subject to the reporting and disclosure requirements of US securities laws. In particular, Industry Guide 7 does not recognise classifications other than proven and probable reserves and, as a result, the SEC generally does not permit mining companies to disclose their mineral resources in SEC filings. You should not assume that quantities reported as "resources" will be converted to reserves under the JORC Code or any other reporting regime or that the Company will be able to legally and economically extract them.

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. 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. 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 forecast 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 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.

Disclaimer

Dollar values

All dollar values are in Australian dollars ("$" or "A$" or "AUD") unless stated otherwise. All references to "USD" or "US$" are to the currency of the United States of America.

Pro forma financial information

This presentation contains pro forma financial information. The pro forma financial information provided in this presentation is for illustrative purposes only and is not represented as being indicative of the Company's views on its future financial condition and/or performance. You should also note that the pro forma financial information does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

You should also be aware that certain financial data included in this presentation are "non-IFRS financial information" under ASIC Regulatory Guide 230: "Disclosing non-IFRS financial information" published by the Australian Securities and Investments Commission and also "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934, as amended. Such non-IFRS financial information/non-GAAP financial measures do not have a standardised meaning prescribed by Australian Accounting Standards or International Financial Reporting Standards and therefore may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards or International Financial Reporting Standards. You are cautioned not to place undue reliance on any such measures.

Lead Manager, Arafura and advisors disclaimer

No party other than Arafura has authorised or caused the issue, lodgement, submission, dispatch or provision of this presentation, or takes any responsibility for, or makes or purports to make, any statements, representations or undertakings in this presentation.

None of the Lead Manager, its affiliates and related bodies corporate, and/or their respective directors, officers, partners, employees, representatives, agents, consultants, advisers and associates, nor any of Arafura's advisers, their affiliates and related bodies corporate, or any of their respective directors, officers, partners, employees, representatives, agents, consultants, advisers and associates (together, the "Parties"), have authorised, permitted or caused the issue, lodgment, submission, dispatch or provision of this presentation, take any responsibility for, or make or purport to make, any statement in this presentation, and there is no statement in this presentation which is based on any statement by any of them. The Parties do not make any recommendation as to whether any potential investor should participate in the Offer, and no Party makes any representation, assurance or guarantee in connection with the repayment of capital or any particular rate of income or capital return on an investment in Arafura. To the maximum extent permitted by law, by accessing this presentation, recipients of it undertake that they will not seek to sue or hold the Parties liable in any respect in connection with this presentation or the Offer.

Arafura and the Parties, to the maximum extent permitted by law, expressly exclude and disclaim all liability (including, without limitation, any liability arising out of fault or negligence on the part of any person) for any direct, indirect, consequential or contingent loss or damage, or any costs or expenses, arising from the use of this presentation or its contents or otherwise arising in connection with it or the Offer and disclaim any obligation or undertaking to release any updates or revision to the information in this presentation to reflect any change in expectations or assumptions. The Parties do not make any representations or warranties (express or implied) to you about the Offer or as to the currency, accuracy, reliability or completeness of the information, opinions and conclusions in this presentation (including, without limitation, any financial information, any estimates or projections and any other financial information) or that this presentation contains all material information about Arafura, the Offer or that a prospective investor or purchaser may require in evaluating a possible investment in Arafura or acquisition of shares in Arafura, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement. By accessing this presentation, you represent, warrant and agree that you have not relied on any statements made by the Parties in relation to the Offer or the New Shares.

The Parties do not accept any fiduciary, agency, custodial or other legal obligations to, or any fiduciary, agency, custodial or other legal relationship with, any investor or potential investor or shareholder of Arafura in connection with the Offer or the New Shares, or otherwise, and by accessing this presentation each recipient expressly disclaims any such (fiduciary, agency, custodial or other legal) relationship and agrees that it is responsible for making its own independent judgements with respect to the New Shares referred to in this presentation, the Offer and any other transaction or other matter arising in connection with this presentation.

Determination of eligibility of investors for the purposes of the Placement and the SPP is determined by reference to a number of matters, including legal requirements, logistical and registry constraints and the discretion of Arafura and the Lead Manager. Arafura, the Lead Manager and each other Party disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.

The Lead Manager may rely on information provided by or on behalf of institutional investors in connection with managing and conducting the Placement without having independently verified that information and the Lead Manager does not assume responsibility for the accuracy or completeness of that information. The Lead Manager may have interests in the securities of the Company, including by providing corporate advisory services to the Company. Further, the Lead Manager may act as market maker or buy or sell those securities or associated derivatives as principal or agent. The Lead Manager may receive fees for acting in its capacity as lead manager.

Investment risk

An investment in shares in Arafura (including New Shares) is subject to investment and other known and unknown risks, some of which are beyond the control of Arafura. Prospective investors should have regard to the risks outlined in this presentation, including the "Key Risks" section of this presentation (commencing on page 30), when making their investment decision.

Acknowledgement and agreement

By accepting, accessing or reviewing this presentation, you acknowledge and agree to the terms set out in this "Disclaimer" section of this presentation and in the ''International Offer Restrictions" section of this presentation (which commences on page 37).

Table of Contents

1. Equity Raising Overview

(ASX:ARU)

Investment Highlights

The Nolans NdPr Project has strong support from the Australian Government with Federal Ministers committed to growing Australia's critical minerals sector.

- The Nolans Project is a **globally significant resource for rare earths** with the potential to supply **5-10% of the world's NdPr oxide supply** and a mine life of **~38 years[1]. NdPr oxide is the key input for high performance NdFeB permanent magnets**
- The Nolans Project has attractive economics which includes an **NPV_8 of A$1.4 billion[1]** and **LOM cash costs of US$24.76/kg[1]**
- **NdPr oxide demand** is forecast to increase from ~47kt in 2020 to **~98kt[2]** by 2030, primarily driven by the use of magnets in **electric vehicles** and **wind turbines** which have a very strong structural demand outlook
- Average 2021 YTD NdPr oxide price of **US$79/kg[3]** which is **up >105%** compared to the comparable 2020 period, with the market benefiting from reducing **Chinese inventories** which are down by **~60%** since mid-2020 as EV demand growth continues to accelerate
- The Nolans Project would be **Australia's first vertically integrated** source of separated rare earth oxides and **the world's second large-scale** non-Chinese source of rare earths
- Arafura is targeting **FID in 2H 2022** at a time when the NdPr market is expected to **enter deficit** given there has been **underinvestment** in the supply chain, and there is a strong demand outlook driven by the accelerated uptake of EVs and renewables

Note: NdPr and NdPr oxide are used interchangeably throughout the presentation meaning NdPr oxide in all circumstances.
1. Refer to ASX Announcement Nolans Project Update dated 11 May 2021, which assumes a long-term NdPr oxide price of US$87/kg and based on a life of mine of 38 years. NPV_8 refers to NPV at an 8% discount rate; 2. Arafura internal Supply Demand forecast referencing against data from CRU, Rare Earth Market Analysis 2018, Adamas Intelligence, Rare Earth Market Outlook to 2030; 3. Asian Metals YTD average 31 May 2021 price.

Equity raising overview

Arafura is raising up to A$45 million (before costs) to fund front-end engineering & design ("FEED") activities and for general working capital purposes	
Offer Structure and Size	✓ Two tranche Placement to sophisticated, professional and other institutional investors in Australia and overseas to raise A$40m (before costs) ("**Placement**") - **Tranche 1:** approximately A$21m utilising existing placement capacity pursuant to Listing Rule 7.1 (expected to settle on 1 July 2021) - **Tranche 2:** approximately A$19m, subject to shareholder approval at a General Meeting expected to be held on 9 August 2021 ✓ Arafura also proposes to undertake a non-underwritten Share Purchase Place ("**SPP**") targeting to raise up to A$5m at the same offer price as the Placement. ✓ New Shares will rank equally with existing shares.
Offer Price	✓ Offer price of A$0.12 per share, which represents a: - 29.4% discount to last closing price of A$0.17 on 21 June 2021 (before the Company went into trading halt); and - 29.1% discount to the 5 trading-day volume weighted average price of A$0.169 to 21 June 2021.
Share Purchase Plan	✓ Eligible Arafura Shareholders with a registered address in Australia or New Zealand at 7.00pm (AEST) on 23 June 2021 will have the opportunity to apply for New Shares pursuant to a non-underwritten SPP which will be subject to shareholder approval[1] - Offer price of A$0.12 per share, the same as the Placement - Up to $30,000 per eligible shareholder, across all of their holdings - Arafura intends to raise up to A$5m (however, the Board reserves the rights to scale back applications at its absolute discretion)
Use of Proceeds	✓ Funds raised are intended to be used to commence Front End Engineering and Design activities at the Company's Nolans Project and for general working capital purposes.
Major Shareholder	✓ 9% shareholder ECE Nolans Investment Co Pty Ltd is not participating in the Placement but has confirmed that it is in support of the equity raising and intends to vote in favour of the issue of New Shares under Tranche 2 of the Placement at the General Meeting

[1] The Company has sought a standard waiver from ASX Listing Rule 7.3.9 to allow shareholders to vote at the shareholder meeting (and a concurrent waiver from Listing Rule 10.11 to permit directors and their associates (who are eligible shareholders) to participate in the SPP).

2. Nolans Project Overview

(ASX:ARU)

Corporate Snapshot

Nolans is a shovel-ready world class NdPr project

NdPr is the key input for high performance NdFeB permanent magnets

NdPr is central to many clean energy applications including EVs and wind turbines

ESG

Arafura is aiming to be a trusted global leader for sustainably mined and processed rare earth products

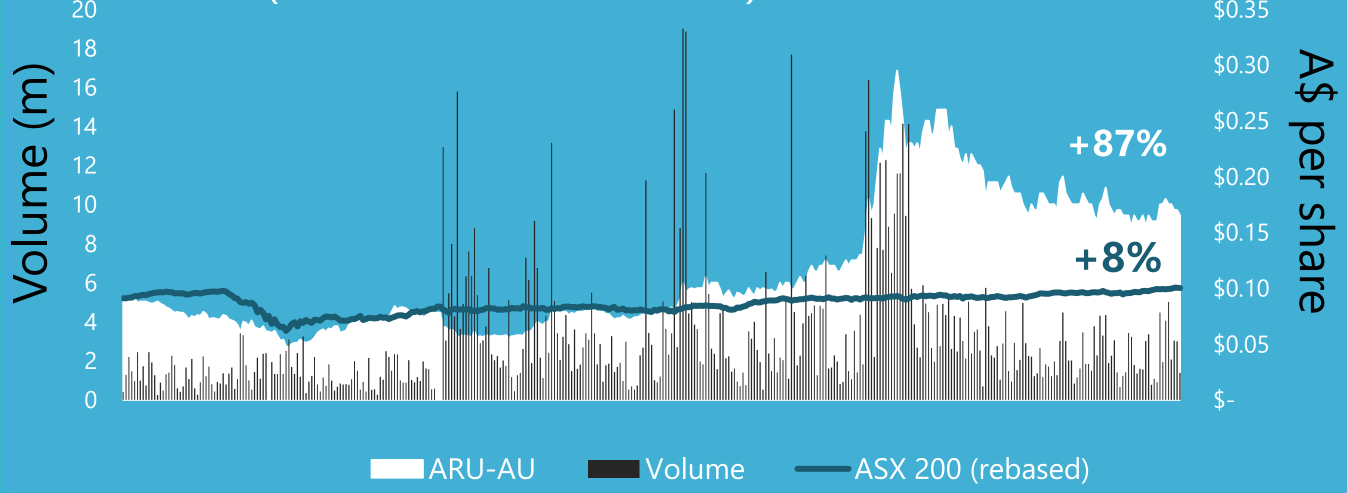
Production is aligned with forecast supply shortage

Nolans aims to supply **5-10% of global demand** for NdPr oxide

Capital Structure	
ASX Code	ARU
ASX Share Price (21 June 2021)	$0.17
Shares on Issue	1,171m
Market Capitalisation	$199.0m
12 Month Liquidity	$133.8m
Cash*	$11.0m
Debt*	Nil
Enterprise Value	$188.0m

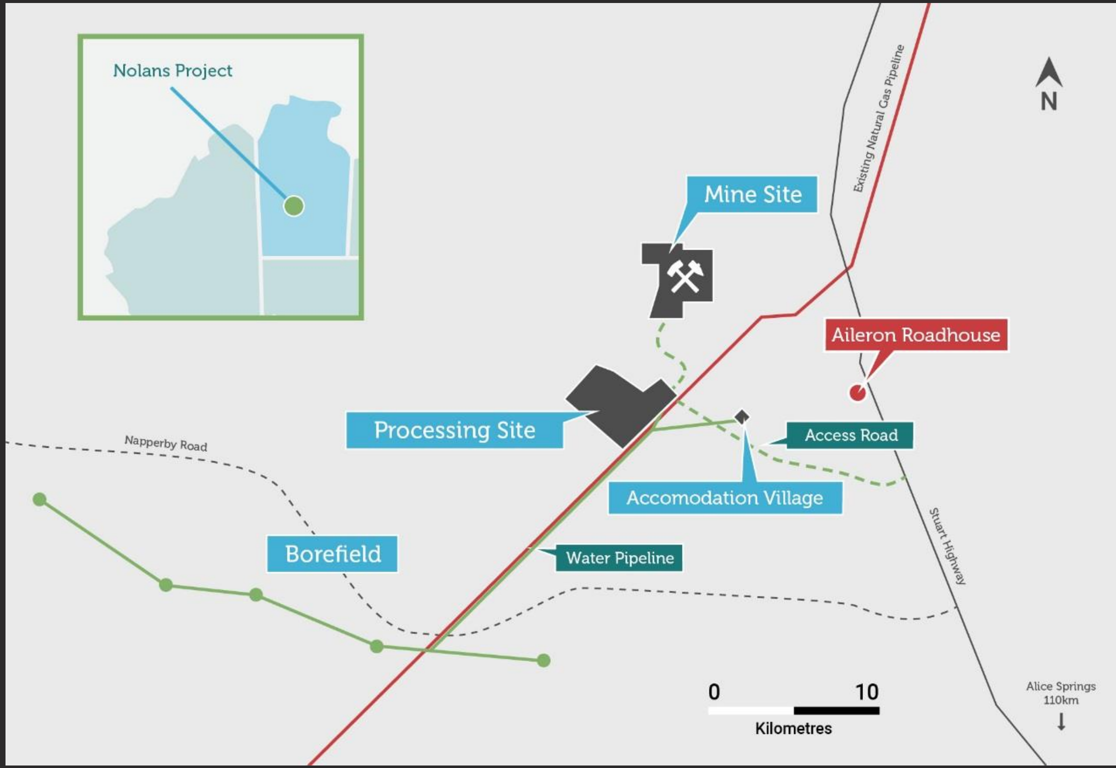
** As at 31 May 2021, unaudited.*

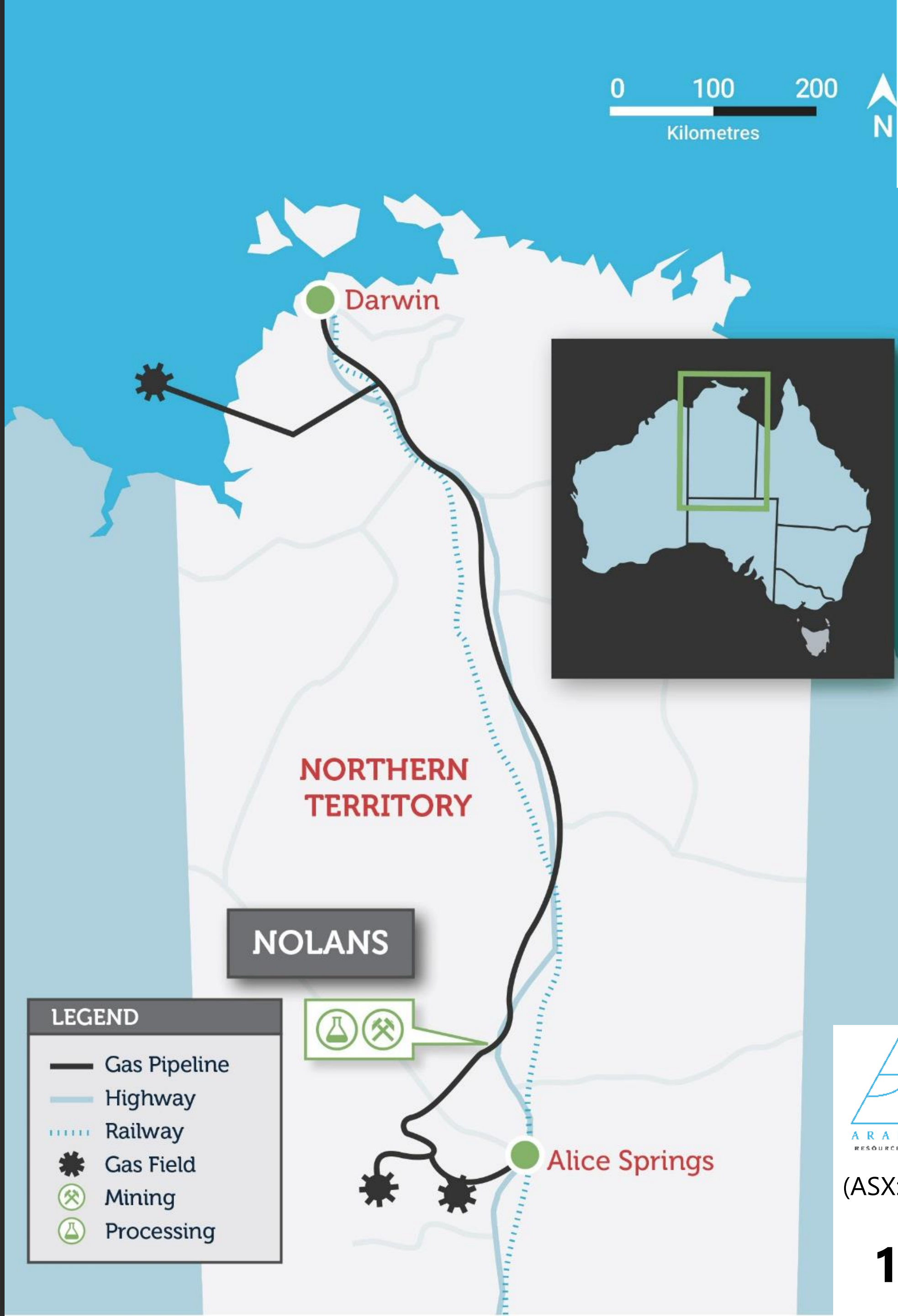
Share Price Performance
(1 Jan 20 to 21 June 21)



Close to existing key infrastructure

- Stuart Highway 10 km east
- Water supply 25km southwest
- Alice Springs railyard, airport and other services 135km south
- Amadeus natural gas pipeline- adjacent to project site
- Tailings and process wastes at site





ARAFURA RESOURCES LIMITED
(ASX:ARU)

Attractive Project Economics

Mining and Production		
Mine Life (years)	38	
NdPr Oxide (tpa)	4,440	
SEG/HRE Oxide (tpa)	474	
Phosphoric Acid (tpa 54% P_2O_5 MGA)	144,393	
Financial	**US$**	**A$**
Capital Cost ($m)	768	1,056
NdPr Oxide (US$/kg)	87	120
Rare Earth Sales Revenue ($m/pa)	388	534
Phosphoric Acid Sales Revenue ($m/pa)	58	79
Mining Costs ($m/pa)	(30)	(42)
Processing Costs ($m/pa)	(105)	(145)
General and Administration Costs ($m/pa)	(15)	(21)
EBITDA ($m/pa)	257	354
KPI Analysis	**US$**	**A$**
Operating Cost $/kg NdPr	33.91	46.60
Operating Cost $/kg NdPr net of P_2O_5 credit	24.76	34.06
NPV_8 after tax ($m)[1]	1,011	1,402
IRR after tax (%)	18.1%	

Refer to ASX Announcement Nolans Project Update dated 11 May 2021 which assumes a long-term NdPr oxide price of US$87/kg. Average production and costs are calculated as the arithmetic annual average following the anticipated two year ramp up and excluding the final years of production from low grade stockpiles.

1. NPV_8 refers to NPV at an 8% discount rate.

- Definitive Feasibility Study (DFS) update released in May 2021
- **Post-tax NPV_8** of **A$1.4 billion** and IRR of 18.1%
- Capital cost **A$1,056m**
- **Annual average EBITDA** of **A$354m**
- Low-cost producer at **US$24.76/kg NdPr**

ARAFURA RESOURCES LIMITED

(ASX:ARU)

Nolans NdPr Shovel Ready

Regulatory

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

Security of Tenure & Social License to Operate

- Native Title Agreement
- Mineral License Granted
- Federal 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 discussions underway)
- Project funding (commenced senior debt process)

Key Development Milestones
Aligned With NdPr Market Tightening

Milestone targets are indicative and subject to change and are contingent upon funding, offtake activities and general market conditions

- **Outcome from MMI[1] application process**
- **FEED to commence in 2H 2021[2]**
- **Advance offtake discussions with creditable parties**
- **Advance senior debt discussions with ECAs**
- **Potential for NdPr market tightening**
- **Targeting Final Investment Decision (FID) by 2H 2022[3]**
- **Targeting first production in late 2024[3]**

1. Modern Manufacturing Initiative.
2. Commencement of FEED activities in August 2021 is conditional upon the second tranche of the equity raising being approved at the General Meeting.
3. FID and First Production are both subject to outcomes with offtake and financing.

Ore to Oxide at Single Site

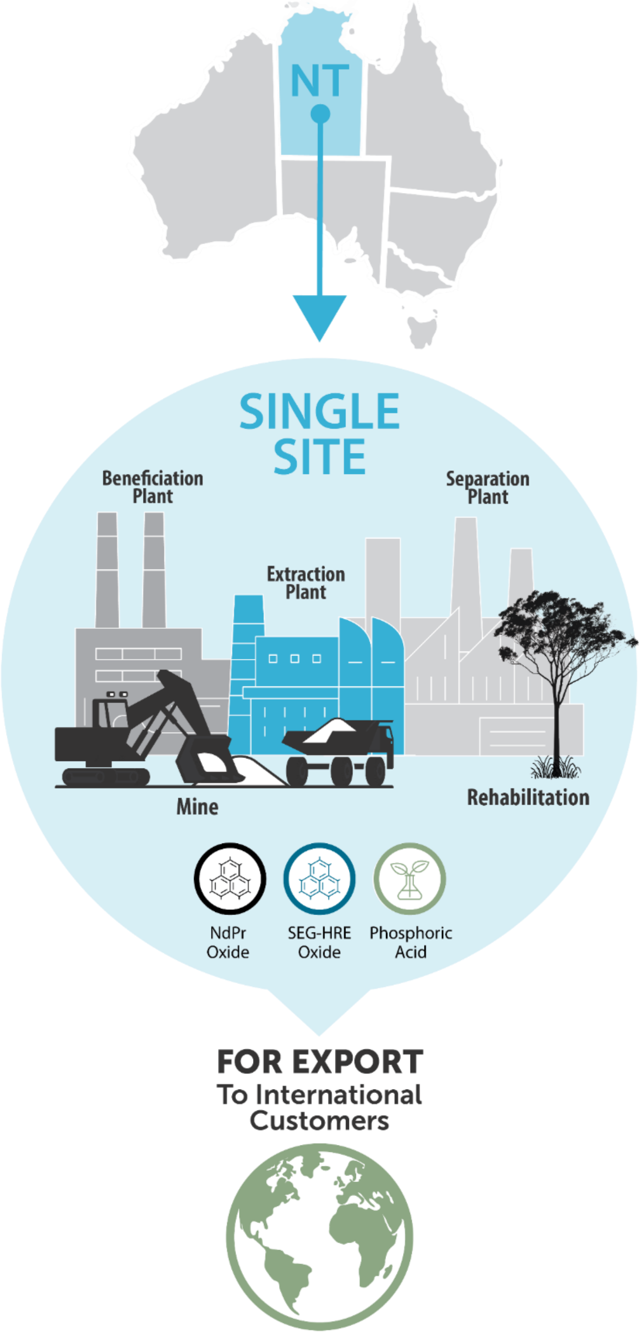
Nolans is the only NdPr focused project in Australia that plans to mine and process **ore to oxide at a single site.**

Nolans aims to be a **non-Chinese supplier of choice for sustainably mined NdPr** oxide.

CAPEX & OPEX include ore – oxide processing, infrastructure, waste management & rehabilitation.

All environmental approvals have been secured and waste management & site rehabilitation fully costed.

Arafura's **single site processing** provides traceable product and waste management certainty which is **aligned with customers' ESG expectations.**



ESG - Current activities and initiatives

"Arafura's ESG commitment 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."

Prioritise GHG Emissions and Water Management

- Water reduction strategy
- GHG Emissions Audit and reduction study
- Renewable energy – Solar power initiative, Commitment to Net Zero GHG

Finalise Update of Sustainability Report

- Membership of UN Global Compact
- Comprehensive report that satisfies requirements of global ESG ratings agencies and reporting standards
- Due 2H 2021

Pending Member in IRMA

IRMA Initiative for Responsible Mining Assurance

- Arafura will complete the IRMA Ready assessment standard as soon as it is launched

Traceability – Blockchain Technology

- Aligned with customers' ESG expectations
- Will allow tracing of Nolans sustainably produced products through entire supply chain to customers

Innovation and Technology

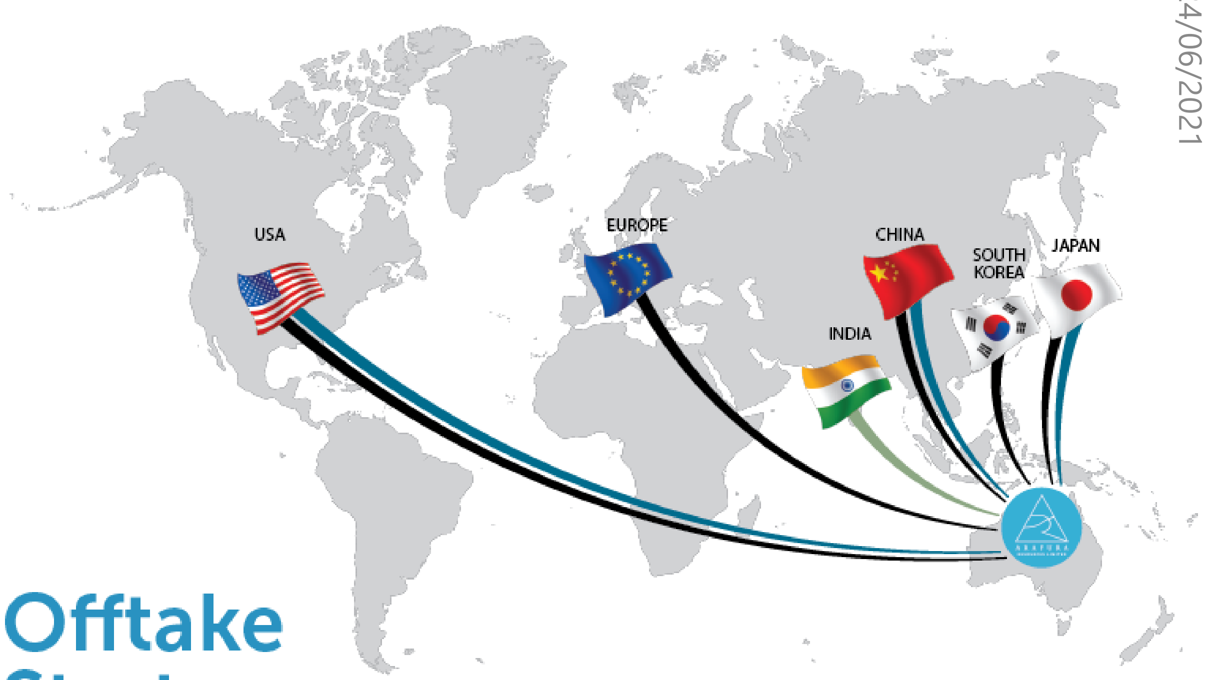
- Downstream value add opportunities
- Ongoing R&D, low carbon metallisation process
- Options for hydrogen or other energy storage solutions

Offtake Strategy and NdPr Sales Targets

Customer engagement targeted at NdPr users not aligned with *Made in China 2025* strategy

- Offtake engagement advanced with end users seeking supply security with a sustainable NdPr producer
- NdPr oxide prices have increased and inventories have materially tightened since Q4 2020 which in turn increased momentum with customer engagement
- Arafura is in discussions with 9 parties for over 120% of Planned Production[1] with a view to secure 85% as binding offtake
- Current indicative sales opportunities by jurisdiction are represented below:

Europe	Japan	Korea	China
3,850t[1]			1,800t[1]
OEMs Wind Turbine Manufacturer E-Motor	E-Motor Magnet	OEM/Motor	MOU JingCi Material Science MOU Tianhe Magnetics



Offtake Strategy

FOR EXPORT TO INTERNATIONAL CUSTOMERS

NdPr Oxide	EUROPE JAPAN SOUTH KOREA USA CHINA
SEG-HRE Oxide	JAPAN USA CHINA
Phosphoric Acid	INDIA

1. Planned Production refers to the average annual production from Nolans of 4,440 tpa (Refer ASX Announcement dated 11 May 2021).

The Company is in discussions with various parties for over 120% of planned production. Volumes allocated to China may be reduced where offtake is secured in other jurisdictions.

Arafura will keep the market informed of entry into any binding offtake arrangements.

24/06/2021

(ASX:ARU)

Arafura's Debt Funding Strategy

Global Government Initiatives Creating Momentum

- Morrison launches the Resources Technology and Critical Minerals Processing road map
- Most countries targeting net-zero emissions
- Europe initiatives for a low carbon economy
- Made in China 2025 Strategy focused on e-mobility and renewables
- Korea to reshore production and create downstream processing
- Japan to reshore production and diversify supply chains
- Biden pledges to slash greenhouse gas emissions in half by 2030

Strategy Leverages Global Focus on Critical Materials Supply Chains

- Conditional letters of support[1] for senior debt facility:
  - Export Finance Australia (EFA) for a 15-year facility for $200m
  - Northern Australia Infrastructure Facility (NAIF) for a 15-year facility for $100m
- Aligned with Australian Government's critical minerals strategy to create ethical value chains for critical minerals
- Foreign ECAs seeking well structured projects for the supply of critical materials for the manufacturing of EVs and renewable technologies

1. Conditional letters of support are non-binding and conditional upon internal credit approval, negotiation of lender agreements and further due diligence enquiries (among other conditions).

Critical Minerals Supply – a Global Issue

(ASX:ARU)

NdPr Market Opportunity

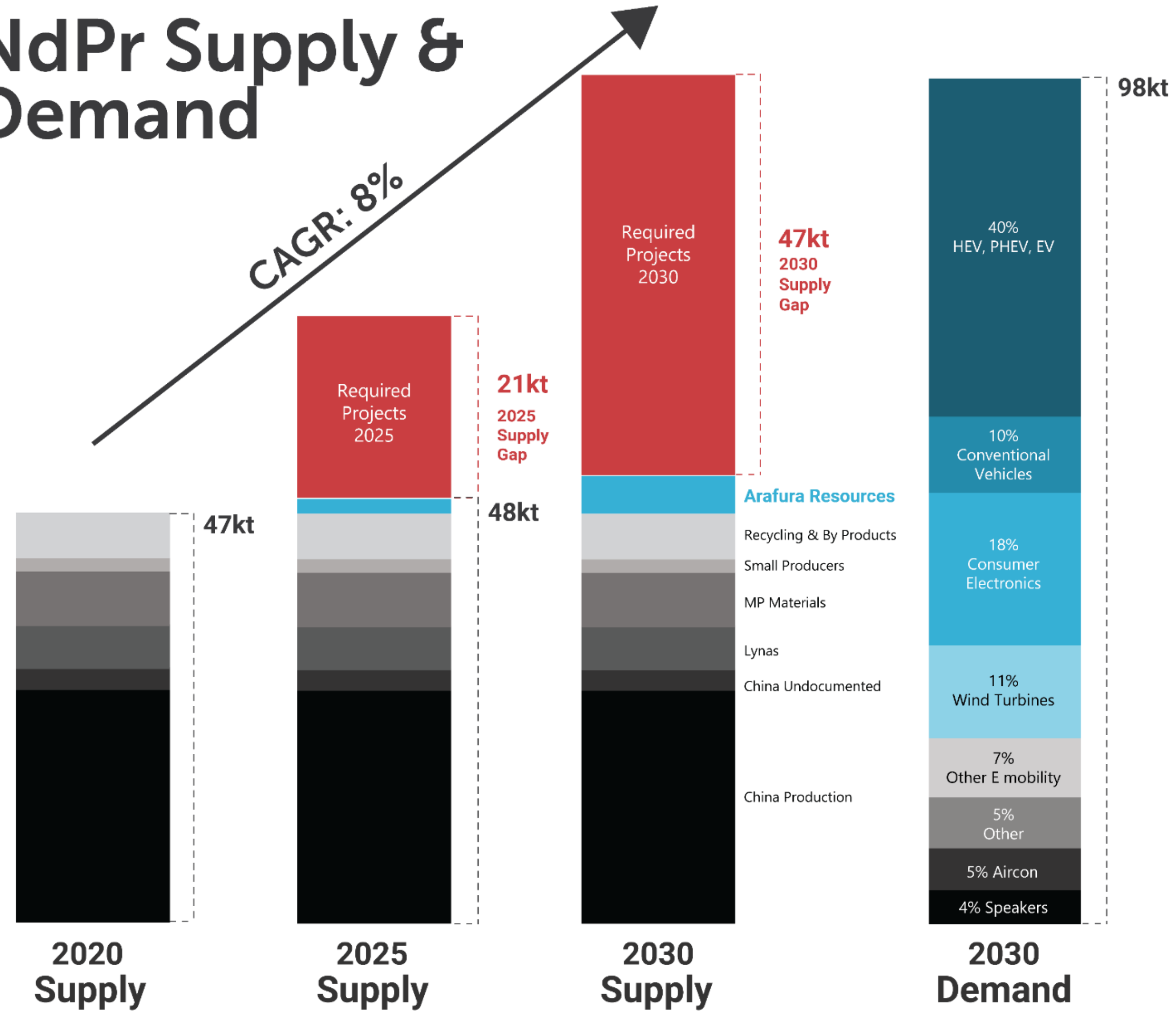
DEMAND

- ✓ 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

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

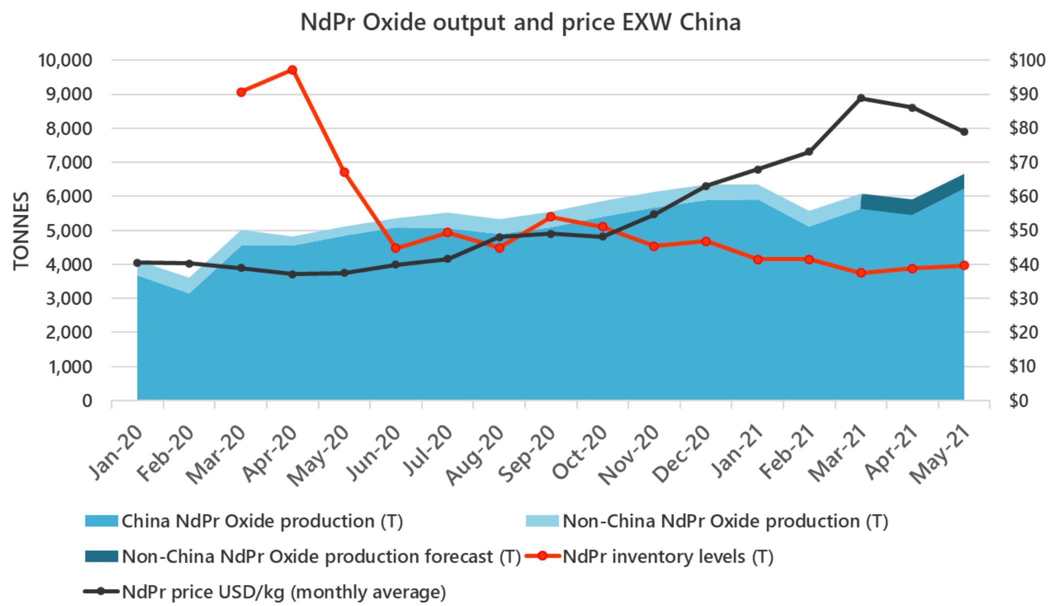


Source: Arafura internal Supply Demand forecast referencing against data from CRU, Rare Earth Market Study 2020; Roskill, Rare Earth Market Analysis 2018, Adamas Intelligence, Rare Earth Market Outlook to 2030.

NdPr Price Rise

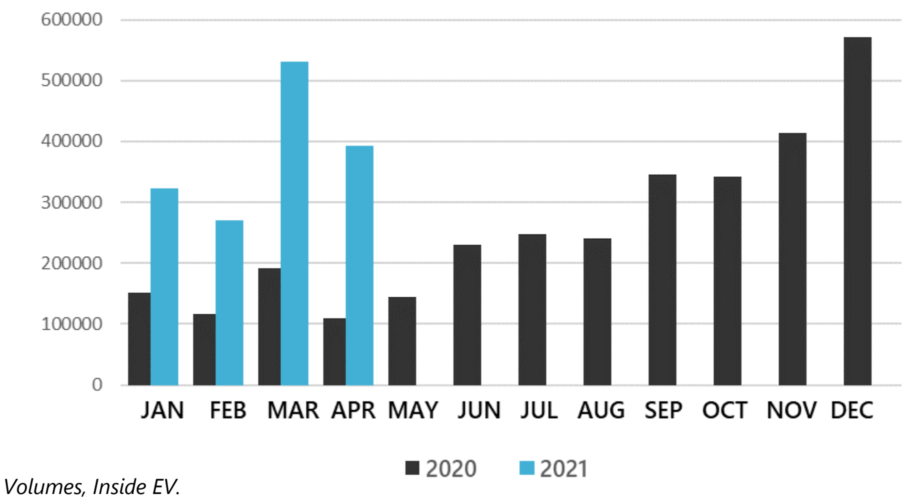
- Chinese inventory stockpiles down by ~60% since mid-2020
- Chinese producers near full capacity
- Supply chain issues highlighted by growing EV sales
- Critical Minerals Initiatives and supply chain de-risking required to facilitate government policies and targets for E-mobility and renewables

NdPr Oxide Output & Price EXW China



Source: Lynas, BAINFO, Asian Metals

Global EV Sales (BEV & PHEV) by Month

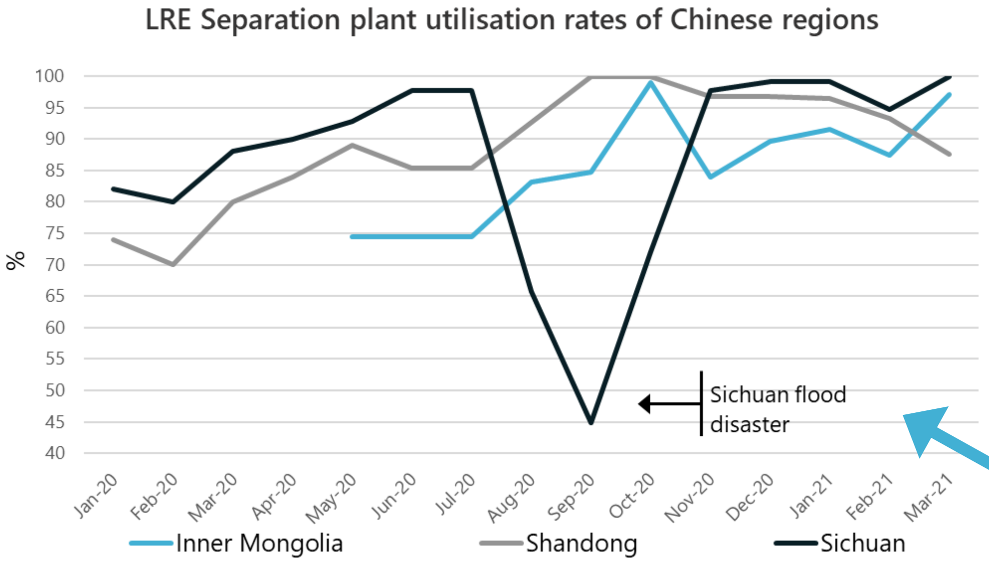


Source: EV Volumes, Inside EV.

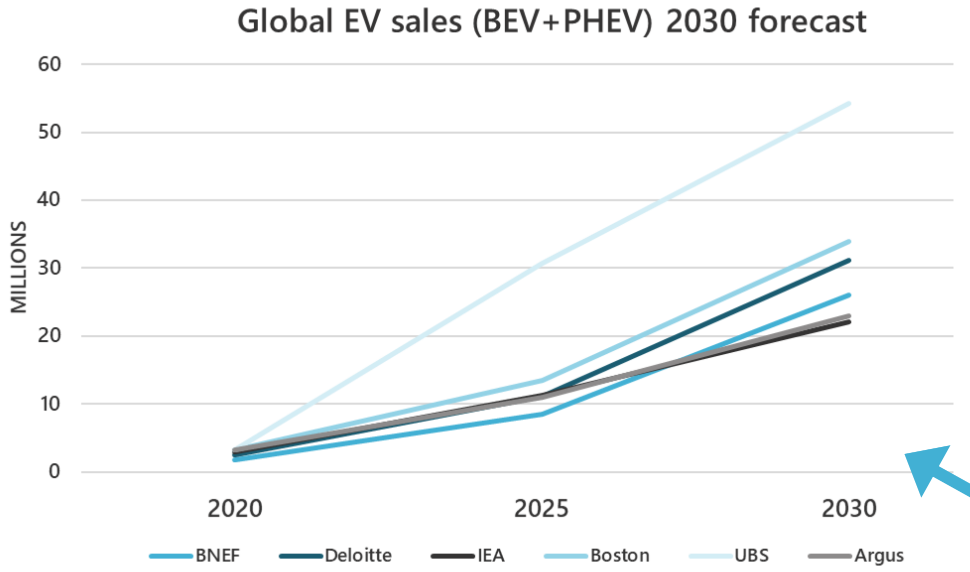
24/06/2021

(ASX:ARU)

Supply expansion challenge



Source: Baiinfo and Argus



Source: BNEF / Deloitte / IEA / Boston / UBS / Argus (Global EV Sales Forecast)

1. Tighter environmental and regulatory controls in China have resulted in production volumes contracting
2. China Northern Rare Earths (largest producer) will increase production but will require plant expansion to significantly improve capacity
3. New capacity will have higher capital and operating costs to meet new ESG standards
4. China production expansion and imported semi-finished materials required to meet growing domestic demand driven by EV and renewables objectives
5. Other global NdPr users will require alternative supply chain solutions to satisfy their procurement needs

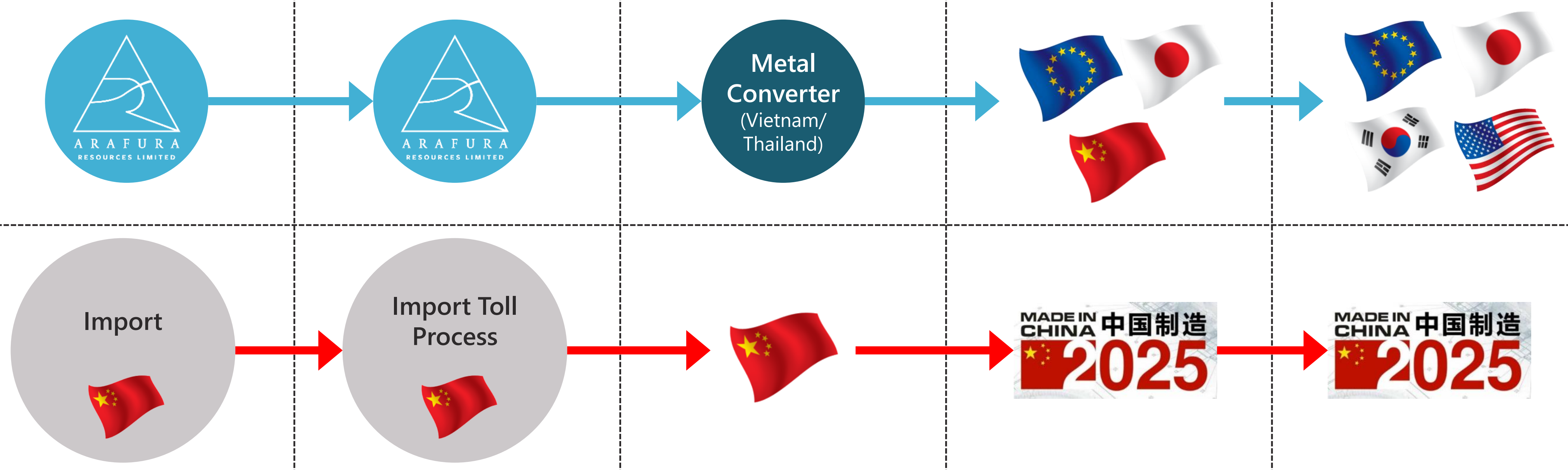
Non-China Value Chain Map

Non-China Value Chain

China Value Chain

24/06/2021

- Mine - RE Extraction	- RE Separation - NdPr Oxide	- NdPr Metal	- NdFeB Alloy/ Magnet Maker	- End User/ Manufacturer
Imported feedstock will be the main source of NdPr supply expansion in China	Export of China RE oxide separation technology is illegal, this could extend to exporting toll processed material		Since December 2020, Beijing's export control policy applies to regulate the export of sensitive materials and technologies	NdPr procurement will be central to China's 2025 EV and renewable objectives Supply diversification critical to provide supply security that will meet sustainability objectives



(ASX:ARU)

Nolans Project Highlights

Long life asset enriched in NdPr

Extensive & successful large-scale pilot completed

Definitive Feasibility Study completed, fully costed from Ore to Oxide to Rehabilitation

Only single site Australian NdPr focused project with all approvals

Low-cost operation

Production of NdPr oxide aligned with Government & customers' critical raw material diversification plans

(ASX:ARU)

4. Further Information

(ASX:ARU)

Long Life Asset

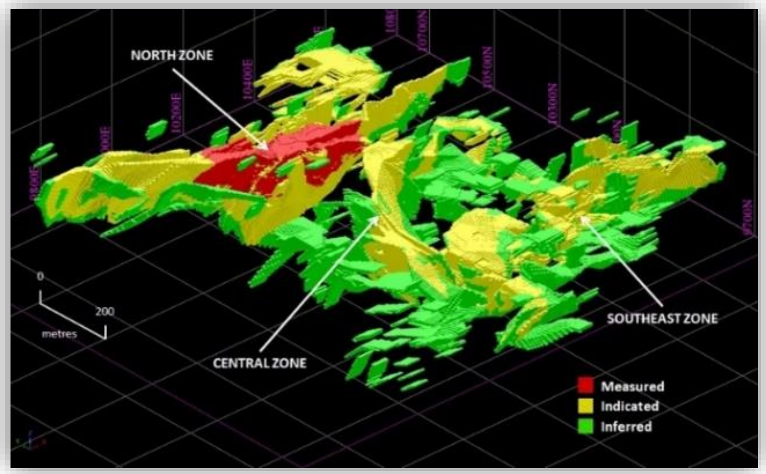
RESOURCES	TONNES (m)	RARE EARTHS TREO %	PHOSPHATE P_2O_5 %	NdPr ENRICHMENT %
Measured	4.9	3.2	13	26.1
Indicated	30	2.7	12	26.4
Inferred	21	2.3	10	26.5
TOTAL	**56**	**2.6**	**11**	**26.4**

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 Nd_2O_3 and Pr_6O_{11}.

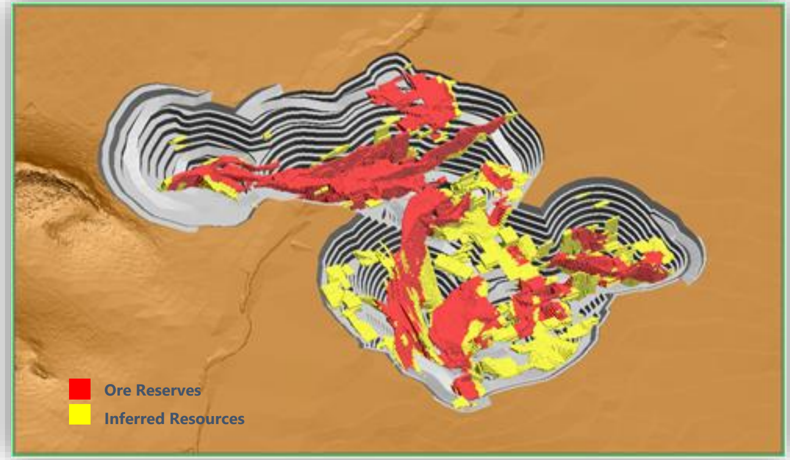
RESERVES	TONNES (m)	RARE EARTHS TREO %	PHOSPHATE P_2O_5 %	NdPr ENRICHMENT %
Proved	5.0	3.0	13	26.2
Probable	24.6	2.8	13	26.5
TOTAL	**29.5**	**2.9**	**13**	**26.4**

As announced on 16 March 2020. Numbers may not compute exactly due to rounding. "NdPr enrichment" is the proportion of TREO comprising Nd_2O_3 and Pr_6O_{11}.

Mineral Resources



Ore Reserves



24/06/2021

NdPr rich & open at depth

- Over 90km drilled to define and classify material types
- 29 year Ore Reserves
- 38 year Mining Inventory
- Single pit
- Expansion potential

(ASX:ARU)

Rehabilitation & Waste Management

- Waste rock dumps designed to "encapsulate" naturally occurring radioactive materials (NORM) rock at mine site
- Mine area surface water management captures sediment
- Residue storage facility (RSF) with two cells
- Progressive rehabilitation

Environmental Approval and Project Costing includes all costs for Waste Management System and Rehabilitation.

24/06/2021

(ASX:ARU)

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**
- NET ZERO 2050 — Commitment to achieve **net-zero by 2050**
- Comprehensive **Sustainability Report** to be released mid-2021

ARAFURA RESOURCES LIMITED
(ASX:ARU)

Technology Program Complete

Flowsheet Pilot

PHASE 1

BENEFICATION

5,000kg high-phosphate concentrate

>82% NdPr, >90% P_2O_5 recovery

PHASE 2

PHOSPHATE EXTRACTION

Merchant grade phosphoric acid suitable for fertilizer use

3% TREO losses to gypsum waste

PHASE 3

BULK PRE-LEACH

2,000kg pre-leach residue

Met performance objectives

PHASE 4

ACID BAKE

4,100kg rare earth sulphate material

PHASE 5+6

RARE EARTH PROCESSING

>99.5% of cerium rejection from rare earth chloride

Production of cerium hydroxide

PHASE 7

RARE EARTH SEPARATION

>99.9% NdPr over TREO

Recovery of NdPr from cerium hydroxide

Beneficiation Pilot Plan

Phosphate Extraction Pilot Plant

Bulk Pre-Leach Pilot Plant

Acid Bake Pilot Plant

Rare Earth Processing Pilot Plant

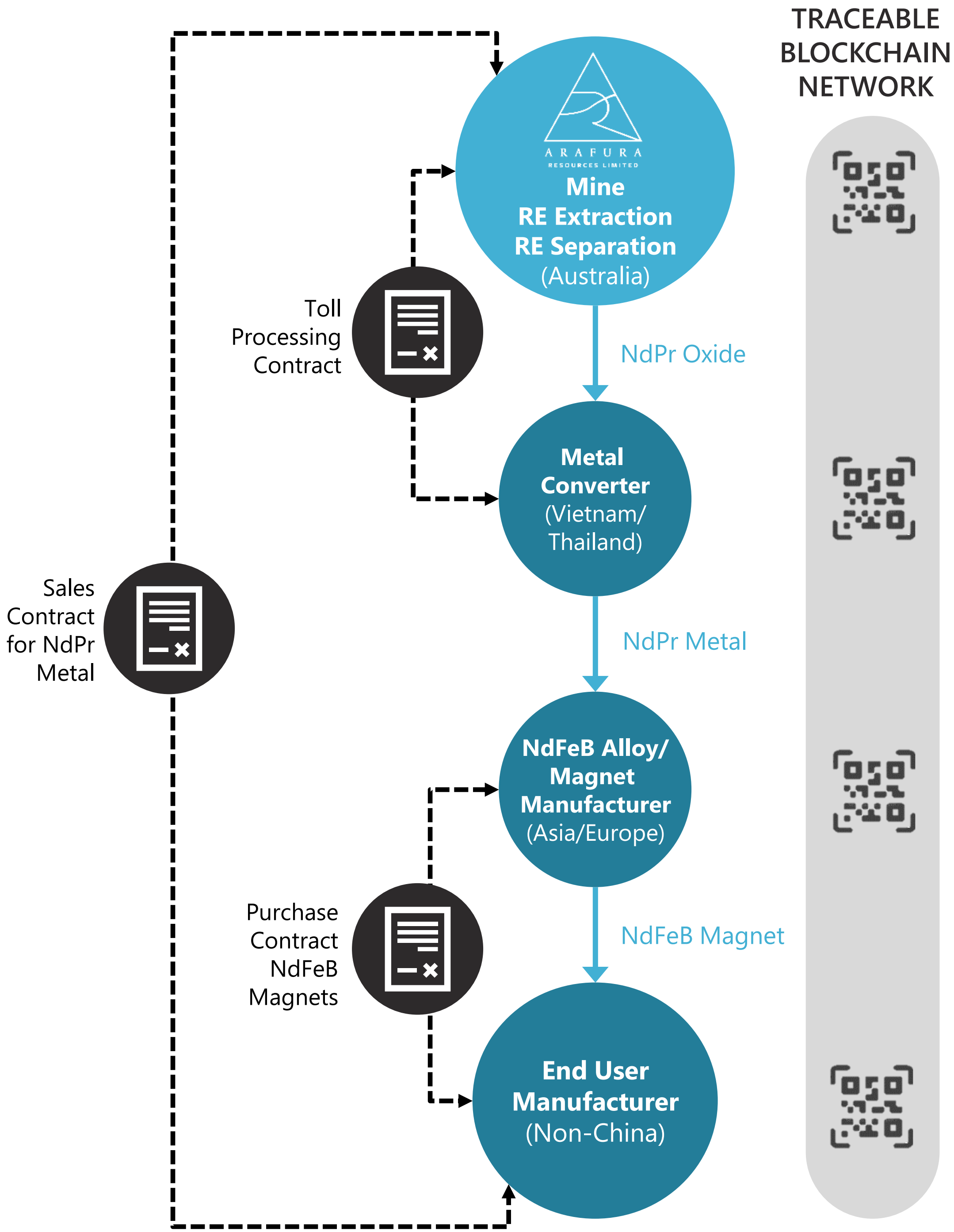
Rare Earth Separation Pilot Plant

Nolans Supply Chain Model

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

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 a SE Asia-based toll metal converter and is aiming to execute a tolling agreement



24/06/2021

(ASX:ARU)

5. Key Risks

Key Risks

Risk factors

You should be aware that being issued New Shares involves various risks. This section discusses some of the key risks associated with an investment in New Shares. A number of risks and uncertainties, which are both specific to and of a more general nature, may adversely affect the operating and financial performance or position of ARU, which in turn may affect the value of New Shares and the value of an investment in ARU.

The risks and uncertainties described below are not an exhaustive list of the risks facing ARU or associated with an investment in ARU. Additional risks and uncertainties may also become important factors that adversely affect ARU's operating and financial performance or position.

This document is not financial product advice and has been prepared without taking into account your investment objectives or personal circumstances. Before investing in New Shares, you should consider whether an investment in New Shares is suitable for you. Potential investors should consider publicly available information on ARU (such as that available on the websites of ARU and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional adviser before making an investment decision.

Company Specific Risks

Access to financial markets and project debt financing

The Nolans Project is a large and complex project. Total capital expenditure is estimated at more than A$1 billion and the Company's market capitalisation has recently fluctuated between approximately A$180 - $260 million. The business of the Company (and its subsidiaries) (Group) relies on access to debt and equity funding.

As rare earths (including NdPr) are not traded on any commodity exchange, traditional debt market sources may not be available as visible market metrics are not available which may make it difficult for financiers to assess and understand market risk. In particular, the Group understands that traditional debt market sources are not always available to finance rare earths projects, and therefore the Group is seeking to fund a significant portion of the Nolans Project's capital expenditure through Export Credit Agencies. There can be no assurance that sufficient debt, equity or other forms of funding will be available to the Group (over any timeframe) on favourable terms or at all.

Failure to obtain additional funding may cause the Group to postpone any development plans, forfeit rights to some or all of its projects or reduce its operating structures, including staff and overhead levels, which may delay or suspend the Group's business strategy and could have a material adverse effect on the Group's activities or require the Group to sell down an interest in its projects or assets. Any additional equity financing may dilute existing shareholdings.

Exploration, production and project development

The future profitability of the Group, and the value of the New Shares are directly related to the results of exploration, development and production activities as well as costs and prices. Exploration, project development and production involves significant risk.

Exploration is a speculative endeavour with an associated risk of discovery of finding NdPr and other products in commercial quantities and risks associated with development of a project. No assurances can be given that funds spent on exploration and development (including front-end engineering and design work) will result in discoveries or projects that will be commercially viable. During each stage of a project's development (including during front-end engineering and design) there is a risk that capital expenditure estimates may increase.

Development and production of NdPr projects may be exposed to low side reserve outcomes, cost overruns, production decrease or stoppage, which may be the result of commissioning, facility shutdowns, mechanical or technical failure, scheduling disruptions, technical risks and other unforeseen events. Outside of China there have not been many rare earth processing plants constructed and commissioned and, as a result there may be increased execution risk for the Nolans Project. A significant poor development outcome or failure to maintain production could result in the Group lowering reserve and production forecasts, loss of revenue, increased working capital requirements, and additional operating costs to restore production. In some instances, a loss of production may incur significant capital expenditure, which could require the Group to seek additional funding. The Group may fail to meet product quality requirements and material specifications required by buyers.

Volatility of the price of rare earth elements

As noted above, NdPr and other rare earth products are not exchange traded commodities. The Group will require contracts for sale of these mineral commodities. There is no guarantee the Group will secure contracts on terms favourable to the Group.

NdPr and other rare earth product prices will depend on available markets at acceptable prices and distribution and other costs. Pricing of NdPr can also be impacted by government intervention in NdPr markets, such as through direct or indirect support of producers and exporters of NdPr, stockpiling of NdPr, and trade policies, barriers and sanctions. Historically (and at present), the supply of NdPr has been dominated by producers in the People's Republic of China. Policy changes, actions or events that affect that supply may have a significant effect on NdPr prices.

Any substantial variation in the price of NdPr and other rare earth products or an increase in the distribution costs could have a material impact on the Group.

Key Risks (cont.)

Metallurgy and Hydrometallurgy

Testwork is used to develop the metallurgical and hydrometallurgical processes required to convert ore into final products. Scale up, technology and materials handling risks remain as the Group moves from development, to construction, commissioning and production. Product recoveries are dependent upon the metallurgical and hydrometallurgical processes, and by its nature contains elements of significant risk such as:

- developing and identifying metallurgical and hydrometallurgical processes through testwork to produce a saleable product;
- developing an economic process route to produce a saleable product; and
- changes in mineralogy in the ore deposit result in inconsistent product recovery, adversely affecting the economic viability of the project.

Front-end engineering & design

Given the Nolans Project proposes to develop a complex hydrometallurgical processing plant to produce NdPr oxide, Arafura is planning to commence FEED activities which are designed to fully understand the engineering for the project, including the tendering for key equipment, and support tendering of the construction contracts. There is a risk that the capital expenditure for the Nolans Project increases above the capital requirements detailed in the ASX Announcement Nolans Project Update dated 11 May 2021 as a result of the FEED and tendering activities or that problems are identified in relation to the current flow sheet which could result in delays in finalizing FEED. There is also a risk of a cost overrun in the FEED budget which may increase if the labour contract market tightens in Western Australia and globally for metallurgical and chemicals engineers.

Communicable disease outbreaks

The outbreak of communicable diseases around the world (such as the novel coronavirus COVID-19) may lead to interruptions in operations, exploration, development and production activities, inability to source supplies or consumables and higher volatility in the global capital markets and price of rare earth elements or demand for the Group’s product, which may materially and adversely affect the Group’s business, financial condition and results of operations.

In addition, such outbreaks may result in restrictions on travel and public transport and prolonged closures of facilities or other workplaces which may have a material adverse effect on the Group and the global economy more generally. Any material change in the Group’s operating conditions, the financial markets or the economy as a result of these events or developments may materially and adversely affect the Group’s business, financial condition and results of operations.

Operating risks

Industry operating risks include, but are not limited to, fire, explosions, environmental hazards, technical failures, unusual or unexpected geological conditions, adverse weather conditions and other accidents. The occurrence of any of these risks could result in substantial losses to the Group due to injury or loss of life, damage to or destruction of property, natural resources, or equipment; pollution or other environmental damage; clean-up responsibilities; regulatory investigation and penalties; or suspension of operations. Damages occurring to third parties as a result of such risks may give rise to claims against the Group.

The occurrence of any of these circumstances could result in the Group not realising its operational or development plans or in such plans costing more than expected or taking longer to realise than expected. Any of these outcomes could have an adverse effect on the Group's financial and operational performance.

Reliance on key personnel and advisors

The ability of the Group to achieve its objectives depends on the engagement of key employees, directors and external contractors that provide management and technical expertise.

If the Group cannot secure technical expertise (for example to carry out development activities) or if the services of the present management or technical team cease to be available to the Group, this may affect the Group’s ability to achieve its objectives either fully or within the timeframes and the budget that it has forecast. Additionally, industrial disruptions, work stoppages and accidents in the course of operations may adversely affect the Group’s performance.

Reliance on third party infrastructure

The Group will rely on third party transportation infrastructure in order to deliver its production to the market and incoming reagents and supplies to the Nolans project site. Any delay or failure to access or properly maintain operating infrastructure or shared facilities may have a material adverse effect on the Group.

Key Risks (cont.)

Reserves and resource estimates

Mineral reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter or become uncertain when new information becomes available on the tenements through additional tests over the life of a project. This applies equally to the Group's production targets in relation to the project and any forecast financial information derived from a production target.

In addition, reserve and contingent resource estimates (and production targets and forecast financial information derived from a production target) are necessarily imprecise and depend to some extent on interpretations, which may prove inaccurate. The actual reserves or contingent resources may differ from those estimated which may result in the Group altering its plans which could have either a positive or negative effect on its operations.

Changes in reserve or resource estimates could also impact the Group's ability to maintain its borrowing capacity with lenders.

Native title

Both the Native Title Act (Cth) and the Northern Territory Native Title Legislation and Aboriginal land rights and Aboriginal heritage legislation might affect the Group's ability to gain access to prospective exploration areas or obtain Mineral Leases.

As announced on 26 June 2020, a member of the Group has entered into an agreement (the 'Nolans Project Native Title Agreement') with the Nolans Project's native title holders and the Central Land Council under which the native title holders provide their consent to the grant of the primary mineral lease, ancillary mineral leases and related access authorities for the Nolans Project. On 22 July 2020, the Company announced that the mineral leases for the Nolans Project had been granted by the Northern Territory government and on 9 February 2021 the Company announced that the mineral leases for areas supporting the Nolans Project (which will host the Nolans borefield) had been granted by the Northern Territory Government. The Group will need to comply with the Nolans Project Native Title Agreement to avoid any potentially adverse consequences.

The Group may from time to time, need to negotiate with native title claimants for access rights to certain tenements. There may be significant delays and costs associated with these negotiations and to reach agreement acceptable to all relevant parties. At this stage, it is not possible to quantify the impact that these developments may have on the operations of the Group.

Environmental

The Group's exploration, development and production activities are subject to legislation regarding environmental matters.

The legal framework governing this area is complex and constantly developing. There is a risk that the environmental regulations may become more onerous, making the Group's operations more expensive or cause delays. The Group may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past activities for which it was not responsible.

The Group's operations are subject to the Northern Territory and Commonwealth laws and regulations regarding environment including hazards and discharge of hazardous waste and materials. The mining and processing of Normally Occurring Radioactive Materials (NORM) and the disposal of radioactive waste is subject to additional laws and regulations regarding environmental matters. The cost of compliance with these laws and regulations may impact the cost of exploration, development, construction, operation of the production facilities and mine closure costs.

Title

Securing and maintaining tenure over mining tenements is critical to the future development of the Group's projects. All mining tenements which the Group may acquire either by application, sale and purchase or farm-in are regulated by the applicable state or territory mining legislation.

There is no guarantee that applications will be granted as applied for (although the Group has no reason to believe that tenements will not be granted in due course). Various conditions may also be imposed as a condition of grant. In addition the relevant minister may need to consent to any transfer of a tenement to the Group.

Renewal of titles is made by way of application to the relevant department. There is no guarantee that a renewal will be automatically granted other than in accordance with the applicable state or territory mining legislation. In addition, the relevant department may impose conditions on any renewal, including relinquishment of ground.

In 2017 the Northern Territory Government (NTG) introduced a "Shared Land Use" policy which encourages consultation between the holder of a mineral title and a pastoral lessee. NTG approval of substantial disturbance activity by the mineral title holder requires evidence of a land access agreement between an explorer and pastoral lessee. Where such an agreement cannot be reached the matter can be referred to the NTG's Land Access Assessment Panel (LAAP). In the event of a positive determination from the LAAP the mineral title holder may undertake the substantial disturbance activities in accordance with the Mine Management Plan authorised by the Department of Primary Industries and Resources. There is the potential for the land access requirements to cause delays to the Group's planned development activities.

Key Risks (cont.)

Legislative changes, government policy and approvals

Changes in government, monetary policies, taxation and other laws in Australia or internationally may impact the Group's operations and the value of the New Shares. The Group requires government regulatory approvals for its operations.

The impact of actions, including delays and inactions, by state, territory and federal governments may affect the Group's activities including such matters as access to lands and infrastructure, compliance with environmental regulations, production and exploration activities. This may from time to time affect timing and scope of work to be undertaken. No guarantee can be given that all necessary permits, authorisations, agreements or licences will be provided to the Group by government bodies, or if they are, that they will be renewed.

The Group has received environmental approval from the Australian Government and the Northern Territory Environment Protection Authority has recommended the project for approval for the development at Nolans in the Northern Territory but there is no guarantee that the Group will be in a position to comply with all conditions that are imposed under these approvals.

Occupational health and safety

Exploration and production activities may expose the Group's staff and contractors to potentially dangerous working environments. Occupational health and safety legislation and regulations differ in each jurisdiction. If any of the Group's employees or contractors suffers injury or death, compensation payments or fines may be payable and such circumstances could result in the loss of a licence or permit required to carry on the business. Such an incident may also have an adverse effect on the Group's business (including financial position) and reputation.

Third party risk

The Group will rely significantly on strategic relationships with other entities and also on a good relationship with regulatory and government departments and other interest holders. The Group will also rely on third parties to provide essential contracting services. There can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed. The Group could be adversely affected by changes to such relationships or difficulties in forming new ones.

Competition

The Group will compete with other companies, including major mining companies in Australia and internationally. Some of these companies will have greater financial and other resources than the Group and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Group can compete effectively with these companies.

Insurance

Insurance of all risks associated with mineral exploration and production is not always available and, where available, the cost can be high. The Group maintains insurance within a coverage range that it considers to be consistent with industry practice and appropriate for its needs. The occurrence of an event that is uninsurable, not covered, or only partially covered by insurance could have a material adverse effect on the Group's business and financial position.

Shareholder approval (and ASX waiver) risk

Tranche 2 of the Placement and the issue of New Shares under the SPP require shareholder approval. There is a risk that the Company's shareholders do not approve Tranche 2 of the Placement which would result in the Company not raising a significant portion of the proceeds under the Placement. This would mean the Group would need to seek alternative sources of finance prior to commencing its front-end engineering and design work, which could have an adverse effect on the Group and the Company's share price. Also, certain transaction costs in relation to the Placement (including in respect of Tranche 2), such as legal and advisory fees, will still be payable by the Company. The same applies in respect of the SPP if shareholder approval (or the required ASX waiver in respect of the SPP) is not obtained.

Climate change risk

Climate change is a risk the Group has considered, particularly related to its operations in the mining industry. The climate change risks particularly attributable to the Group include:

- the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Group may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Group and its profitability. While the Group will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Group will not be impacted by these occurrences; and
- climate change may cause certain physical and environmental risks that cannot be predicted by the Group, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns.

All these risks associated with climate change may significantly change the industry in which the Group operates.

Key Risks (cont.)

Force majeure

The Group's projects now or in the future may be adversely affected by risks outside the control of the Group, including fires, labour unrest, civil disorder, war, subversive activities or sabotage, floods, pandemics, explosions or other catastrophes, epidemics or quarantine restrictions.

Financial risks

The Group's activities expose it to a variety of financial risks, including:

- *Market risk*: The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices interest rate risk, price risk, credit risk and liquidity risk (maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities). The Group's future activities will be subject to volatility and fluctuations in those particular areas.
- *Foreign exchange/currency risk*: The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures with respect to changes in foreign exchange rates. The Group's future commercial transactions include product sales, capital expenditure, purchase of foreign sources inputs and debt facilities. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.
- *Interest rate and credit risk*: This relates to the risk that interest rates applicable to the Group may fluctuate and have an impact on the value of the Group's assets and liabilities.
- *Liquidity risk:* This relates to the ability of the Group to maintain sufficient cash and the availability of funding through an adequate amount of committed credit facilities to support the Group's operations.

General Risks

Potential for dilution

A shareholder's percentage holding in the Company will be diluted by not participating in the Placement (which will include all retail shareholders and those institutional shareholders who do not participate in the Placement). Depending on their level of participation, some shareholders may also be diluted by the SPP.

It is not possible to predict what the value of the Company or its shares will be following the completion of the equity raising and the Directors do not make any representation as to such matters.

The historical trading price of the shares on ASX prior to this equity raising is not a reliable indicator as to the potential trading price of shares after completion of the equity raising.

General market and share price

There are general risks associated with investments in equity capital such as the New Shares. The trading price of the New Shares may fluctuate with movements in equity capital markets in Australia and internationally.

Generally applicable factors which may affect the market price of shares include:

- general movements in Australian and international stock markets;
- investor sentiment;
- Australian and international economic conditions and outlook;
- commodity prices;
- changes in interest rates and the rate of inflation;
- changes in government legislation and policies, including taxation laws and foreign investment legislation;
- announcement of new technologies; and
- geo-political instability, including international hostilities and acts of terrorism.

Further, the effect of these conditions on the Group's ability to obtain new debt financing, and the terms on which any such financing can be obtained, is uncertain. If these conditions result in the Group being unable to obtain new debt financing, or to do so on reasonable terms, this may have an adverse impact on its financial position, financial performance and/or share price. The Group's operational and financial performance and the position of the Company's share price may be adversely affected by a worsening of international economic and market conditions and related factors. It is also possible that new risks might emerge as a result of global markets experiencing extreme stress, or existing risks may manifest themselves in ways that are not currently foreseeable.

Key Risks (cont.)

Dividends

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

Taxation

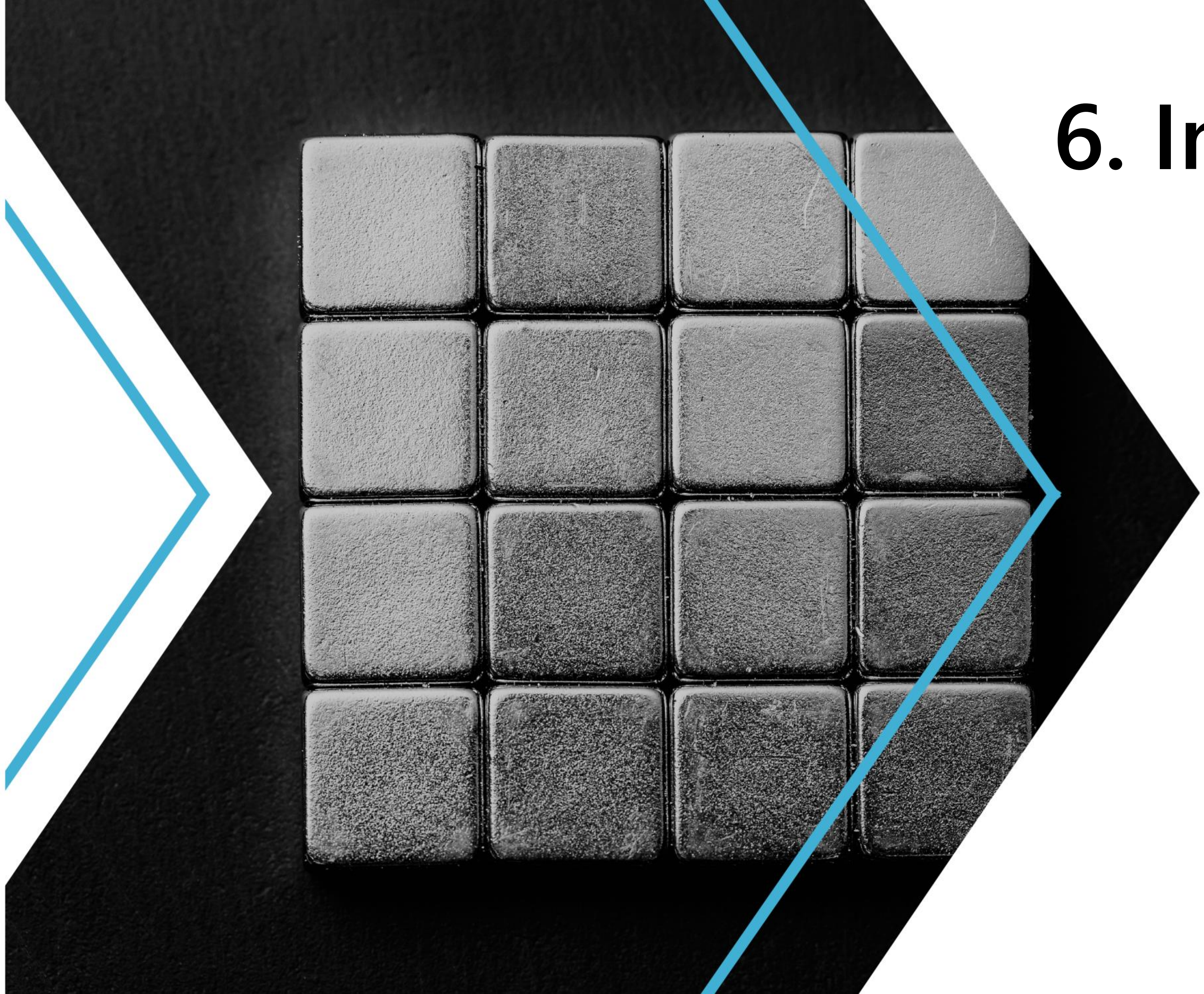
The disposal of New Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All investors are urged to obtain independent financial advice about the consequences of disposing of New Shares from a taxation viewpoint and generally. To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of acquiring or disposing of New Shares under this equity raising.

Data and information technology

The Group's computer systems are subject to the risks of unauthorised access, computer hackers, computer viruses, malicious code, organised cyber-attacks and other security problems and system disruptions, including possible unauthorised access to proprietary or classified information. Any of these events could damage the Group's reputation and have a material adverse effect on its business, reputation, results of operations and financial condition. There is also a risk that the Group's systems for capturing data and intellectual property for project development are ultimately not effective.

Speculative investment

The above list of risk factors ought not to be taken as an exhaustive list of the risks faced by the Group or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Group and the value of the New Shares offered under the equity raising. An investment in the Company is speculative and investors should consult their professional adviser before applying for or disposing of New Shares.



6. International Offer Restrictions

ARAFURA
RESOURCES LIMITED

(ASX:ARU)

International Offer Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Bermuda

No offer or invitation to subscribe for New Shares may be made to the public in Bermuda. No invitation is being made to persons resident in Bermuda for exchange control purposes to subscribe for New Shares.

European Union

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Liechtenstein

This document has not been, and will not be, registered with or approved by the Financial Market Authority of Liechtenstein. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in Liechtenstein except in circumstances that do not require a prospectus under the Prospectus Regulation Implementation Act of Liechtenstein.

Accordingly, an offer of New Shares in Liechtenstein is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

Malaysia

This document may not be distributed or made available in Malaysia. No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of New Shares. The New Shares may not be offered, sold or issued in Malaysia except pursuant to, and to persons prescribed under, Schedules 5 and 6 of the Malaysian Capital Markets and Services Act.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- Is an investment business within the meaning of clause 37 of Schedule 1 or the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

International Offer Restrictions (cont.)

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007 no. 75. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act. The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in the Norwegian Securities Trading Act).

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an "institutional investor" (as defined in the SFA) or (ii) an "accredited investor" (as defined in the SFA). If you are not an investor falling within one of these categories, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

No offering or marketing material relating to the New Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to investors who qualify as "professional clients" (as defined in the Swiss Financial Services Act). This document is personal to the recipient and not for general circulation in Switzerland.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

International Offer Restrictions (cont.)

United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

The New Shares will only be offered and sold in the United States to:

- "qualified institutional buyers" (as defined in Rule 144A under the US Securities Act); and
- dealers or other professional fiduciaries organized or incorporated in the United States that are acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not US persons and for which they exercise investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the US Securities Act.

Contact Information

Level 6, 432 Murray St
Perth WA 6000 Australia

+61 8 6370 2800

arafura@arultd.com

www.arultd.com