

ASX ANNOUNCEMENT

QUARTERLY ACTIVITIES REPORT AND APPENDIX 5B

31 December 2021



HIGHLIGHTS

- **Global demand for critical minerals linked to electric vehicles and clean energy infrastructure continues to rise sharply while supply chain security risks increase.**
- **Corresponding NdPr price increase of 45% in December quarter to US\$133/kg following 26% increase in September quarter.**
- **Strong engagement continuing between Arafura and key European and South Korean customers looking to secure long-term strategic supply of NdPr.**
- **Arafura's focus shifts to progressing negotiations with customers aligned with Export Credit Agency debt funding strategy.**
- **Sustainability Report released with initiatives and targets set in line with Arafura's ESG commitments and sustainability goals including achieving net zero carbon emissions by 2050 and Sustainability Committee established to oversee this process.**
- **Appointment of Darryl Cuzzubbo as independent non-executive director, bringing a wealth of knowledge and experience in running major operational assets and development of and execution of breakthrough strategies to deliver major projects.**
- **Strong cash position of \$41.7 million to continue progress on Front-End Engineering Design (FEED) with Hatch in line with schedule.**
- **Clough and UGL engaged to complete design and constructability reviews to support the FEED design.**

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NdPr

NOLANS NdPr PROJECT

Site Investigations

In November a diamond core drilling program was undertaken in the borefield area of the Project. The aim of this program was to determine the stratigraphy of the reaphook paleochannel to better define the requirements for the bore designs across the borefield. As part of this program the following was carried out:

- 4 diamond drill holes on MLs at borefields F, A, B and D.
- 772.2 m of drilling with logging of core by Arafura geologists and consultant hydrogeologists.

The program demonstrated that the paleochannel is likely to have a higher degree of porosity than previously anticipated.

Also, during November, an airborne LIDAR survey was carried out of the Project area. This survey will provide detailed topographical information for the use in the design of bulk earthworks and roads required for the project delivery. The processed data and digital terrain model were completed in late December.

The non-process infrastructure (**NPI**) team visited site to review the location of key infrastructure during the quarter with the following key outcomes:

- Minor re-alignment of the site access road within the previously proposed access authority to better facilitate surface water management and reduce cut to fill quantities.
- Proposed re-design of the intersection of the site access road with the Stuart Highway to reduce construction requirements.
- Revised route of the mine access road to significantly reduce construction requirements, particularly drill and blast requirements, shorten the road length and reduce surface water management issues.
- Relocation of the proposed magazine for the project to allow flexibility in the layout of the mine infrastructure and improve surface water management issues. This relocation will require the application for a new ancillary mineral lease for the Project.
- Relocation of the mine infrastructure area to an area with improved geotechnical conditions which will reduce bulk earthworks costs for this area.

Front-End Engineering and Design

Front-end engineering and design works (**FEED**) continued during the quarter across multiple fronts of the Project, including:

- Hydrometallurgical plant,
- Beneficiation plant,
- Sulphuric acid plant,
- Power station,
- Process control system, and
- Non-process infrastructure.

The FEED program is aimed at progressing the design of the Project and providing sufficient detail to reduce the risk profile and provide certainty for the tendering of fixed price contracts for the project delivery, which is a requirement identified by potential project finance partners.

Activities across the various areas of the Project are outlined below.

Hydrometallurgical Plant

Significant progress has been made by Hatch on the Hydrometallurgical plant FEED during the quarter, with progress including:

- Progress of the process engineering design including completion of the process design criteria, process flow diagrams (**PFDs**) and commencement of delivery of the piping and instrumentation diagrams (**P&IDs**).
- Radiation management workshop completed, and actions implemented into the design.
- Hazard and operability workshops commenced to feed into the finalisation of the design and the **P&IDs**.
- Equipment specifications continue to be developed to provide the basis for tendering of mechanical equipment.
- Tendering of mechanical equipment commenced on long lead and critical equipment with tenders being received towards the end of the quarter and evaluation of tenders commenced.
- 3D modelling of the Hydrometallurgical plant commenced, building on the layout from the definitive feasibility study (**DFS**).
- Options study completed on the storage of concentrate and pre-leach residue resulted in the change from a concentrate shed with a front-end loader for reclaim to slurry storage of concentrate and dry silo storage of the pre-leach residue. This change improves the radiation management aspects as well as the operability of the plant while being capital cost neutral.
- Risk engineering commenced to finalise fire control strategies and other risk management aspects of the design.

Clough and UGL have also been engaged to provide constructability and design innovation inputs to the design. This input will be carried out through a series of workshops notionally at the 30% and 60% design maturity levels. These reviews will develop designs which deliver the following outcomes:

- Reduced construction labour requirements
- Improved construction safety
- Reduced capital cost through reduced procurement and construction costs.

Beneficiation Plant

Preparation has commenced on the beneficiation plant scope of work with an aim to commence tendering in line with a final investment decision (**FID**) during the second half of 2022. Development of a detailed basis of design and metallurgical design criteria has commenced along with a review of the battery limits with the hydrometallurgical plant.

Sulphuric Acid Plant

Budget pricing has been received for the sulphuric acid plant from a Chinese based vendor. This budget pricing represents the opportunity to significantly reduce the cost of the facility. On this basis a detailed scope of work will be prepared for the sulphuric acid plant for tendering to a range of vendors.

In parallel discussions with potential build, own and operate (**BOO**) contractors for the sulphuric acid plant have been ongoing.

It is intended to finalise the strategy for the sulphuric acid plant in Q1 2022.

Power Station

Following engagement with potential contractors for the **BOO** power station a short-list has been developed for tendering of the package. This package will be tendered in preparation for the contract to be let soon after **FID** to facilitate the design, procurement and delivery of the facility.

In addition, during the quarter, a consultant has been identified, with unique experience in remote infrastructure projects, who will work with Arafura to develop a detailed carbon reduction pathway for power generation on the Project and from that an appropriately structured power purchase agreement to drive the reduction in greenhouse gases from power generation over the course of the power station contract.

Control System

Following the discussions and submissions for the control system technology providers and integration partners a short-list has been developed for both the supply of control equipment and the integration partners. It is anticipated that a final selection on both these aspects will be completed in the first half of 2022 such that a detailed specification for the control system can be prepared for use in tendering the construction contracts.

Non-Process Infrastructure

NPI design across the following areas has progressed:

- Continuation of the design of the site access road based on updated topographical data from an aerial LIDAR survey.
- Continued design of the intersection between the site access road and Stuart Highway.
- Updated mine access road alignment and commenced preliminary design.
- Surface water management design and flood modelling has commenced for site access road, process plant site and residue storage facility.
- Updated mine infrastructure and magazine layout has been developed.
- Borrow management plan has been finalised.
- Preliminary selection of village operations contractor who will work with selected village supply contractor, NT Link, on finalising design of the village.
- Communications system design commenced.
- Design basis for plant site buildings has been developed and preparation of tender documents has commenced.

Project Execution

Preparation for project execution has continued in a number of areas:

- Logistics strategy for construction has been finalised and short-list developed for tender.
- Planning has commenced, following a range of meetings with various departments within the Northern Territory Government and industry support bodies, for industry presentations in Alice Springs and Darwin to provide updates on the Project to potential contractors and help identify local and indigenous businesses who can assist with the Project delivery.
- Implementation of the InEight project management system has been ongoing with completion of the document management and estimating modules and final preparation for contract management, cost control and change management modules completed with final implementation commencing in January 2022.

- Implementation of the project risk management plan.
- Engagement with operational logistics contractors to provide input into the scope of work and develop a tender list.
- Investigation of various operational management systems required for construction and operations.

Independent Technical Review

Tenders were received from various consultants for a multi-disciplinary independent technical review of the project. These tenders were evaluated and a recommendation for award was prepared for presentation to targeted lenders, following input from these groups, SRK Consulting were awarded the independent technical review.

The scope of work includes a preliminary review, focussing on potential "red flag" issues on the Project which will be followed by a detailed review to provide input to the banker's due diligence prior to **FID**. It is envisaged that SRK Consulting will also continue to provide monitoring and completions assessment during construction.

SRK Consulting commenced the preliminary review in November 2021 based on data provided in the Project data room, and it is anticipated that the draft preliminary report will be delivered in January 2022.

Technology Development

During the quarter, the final outstanding component of the overall corrosion test work program, namely, the rigorous testing of the conditions in the acid bake, which were previously tested in short-term screening tests, was conducted, with results provided to Hatch for engineering design and on to vendors for equipment design.

Vendor test work was also conducted during the quarter on chloride removal in the cerium processing circuit with associated report provided to Hatch for engineering design, and on to vendors for equipment design. It is expected that this test work will provide the vendors with sufficient clarity to be able to provide performance guarantees for the equipment in this processing step.

Project Schedule

The Company has made significant progress this quarter and remains on track for production towards the end of 2024. The overall schedule for the Project has not materially changed since the feasibility study update released in May 2021. All dates presented are contingent on securing funding for the activities as required. With FEED commencing on schedule in August 2021 the following are the next key dates:

- Completion of FEED and tendering in May 2022 followed by FID in August 2022.
- Construction period of 26 months from FID giving first ore processing in October 2024 and first production towards the end of 2024.

Operational Licencing

Completed detailed mining management plans (MMP) and associated environmental management plans (EMPs) were submitted during the quarter to the Northern Territory Department of Industry, Tourism and Trade (**DITT**). DITT has now commenced its review of these plans and has been progressively providing comments, which are being addressed to prepare final, approval-ready documentation for submission. It is anticipated that the review, responses and updating of all plans will be completed in Q1 2022, with approval expected shortly after.

Following submission of the groundwater extraction license application for the Project's production borefield water supply to the Northern Territory Department of Environment Parks and Water Security (**DEPWS**) at the end of the Q3 2021, public notice and advertisement of the application was undertaken late in 2021. Stakeholder submissions will be reviewed in early 2022.

The groundwater extraction license for the Nolans mine aquifer, which is required for pit dewatering, is currently under preparation with an anticipated submission to **DEPWS** in Q1 2022.

ESG

Arafura released its updated Sustainability Report during November (*refer ASX release 29 November 2021*). This Sustainability Report outlines Arafura's sustainability goals, as aligned with the UN Sustainable Development Goals, material topics and sets targets for sustainability at Arafura in FY22. Key targets include:

- Implementation of a sustainable procurement strategy for the Nolans Project.
- Indigenous employment targets for the construction and operations phases of the Nolans Project.
- Local (Central Australian) employment target for construction phase of the Nolans Project.
- Net zero greenhouse gas emissions by 2050 with SBTi emissions targets for 2030 and 2040 to be set during FY22.
- Completion of a water consumption reduction study and setting of reduction targets during FY22.

Following the publishing of the Sustainability Report an action plan is being developed to meet the targets and goals set in the report.

DOMESTIC STAKEHOLDER ENGAGEMENT

During the quarter, Northern Territory Deputy Chief Minister and Minister for Mining and Industry Nicole Manison visited Nolans accompanied by Senior Resources Advisor Emma Muntz. Feedback from the Minister was positive and supportive of the proposed project development, with her stating "this project is huge for the Territory on a number of fronts- it will deliver around 650 jobs in the Centre during construction and around 280 ongoing jobs during its operational phase".



Figure 2: Minister Manison on site with GM NT & Sustainability Brian Fowler

In October, the Company co-sponsored a Landcare Field Day at Aileron which was well attended by local Central Australian pastoralists, non-government organisations, NT Government land care related professionals and visiting specialist consultants. The Company had a display and staff were present to meet and discuss the project with a broad group of locals.

EXPLORATION

Nolans

Refinements to the company's exploration database continued throughout the last quarter. This work is being done as part of readiness for detailed auditing and due diligence. The results of the recent optical scanning and the updated database will be used to review and revise the geological block model in the areas proposed for early mining activities. This revision of the block model is aimed at developing a more mine planning friendly block model to allow better short-term production planning once mining commences.

MACROECONOMIC DEVELOPMENTS

Global Markets and Supply Chain Security

Supply chain security and access to critical raw materials remains the most important topic in the sector, with the price of critical materials generally increasing due to strong demand from e-mobility and renewable energy sectors. It has become widely accepted that to tackle the difficulties in securing the necessary critical materials, there needs to be collective action by national governments, the private sector and on an international front. This was clearly highlighted in the US Wilson Centre Supply Chain Initiative *"The Mosaic Approach: a Multidimensional Strategy for Strengthening America's Critical Minerals Supply Chain"* paper published.

In the private sector, this was demonstrated by General Motors and GE Renewable Energy signing a non-binding Memorandum of Understanding (**MoU**) with the view to establish new secured supply chains, as well as improving on existing supplies of critical materials for magnet manufacturing. On an international level, the South Korean mining agency urged for closer ties with Australia in order to promote further investment in the Australian mining and manufacturing space. The current impact of the global semiconductor shortage has shown how important adequate investment in all steps of a supply chain is, especially as supply of raw and processed materials, moves away from almost total reliance on China.

The EV uptake, despite a turbulent year worldwide, appears to have only strengthened, with Tesla releasing figures in early January of 936,172 EVs delivered in 2021, an increase in sales figures of 87% on 2020 figures. Global EV sales for 2021 is expected to reach over 6 million vehicles and if semiconductor shortage will improve through 2022, EV production will be able to ramp up demand and the need to secure critical materials will only become yet more of a priority for the automotive OEMs.

OFFTAKE AND PROJECT FUNDING

Offtake

The Company's sales engagement over the recent quarter has progressed towards securing strategic offtake parties to underwrite the project funding with continued discussions on key terms of the agreement with various parties totalling 2 to 3 times our nameplate production of 4,440 tpa NdPr oxide.

Momentum is progressing with key European and Korean parties who wish to establish their own magnet supply chain and secure long-term strategic NdPr supply with Arafura. Our efforts are now focused on refining the number of potential offtake parties engaged with Arafura that are best suited to securing the Export Credit Agency (**ECA**) debt funding and commercial offtake discussions are now coordinated to key parties with a target of advancing the current discussions towards concluding conditional non-binding terms sheets.

These key customers are motivated to work closely with Arafura and see the commercial benefits of diversifying supplies of NdPr away from China and embracing a vertically integrated magnet value chain into their raw material strategy. In recent weeks, several key OEM's have announced deals to lock up supplies of lithium to establish a secured battery value chain. Automotive OEMs are restructuring and realigning plants towards inhouse EV traction motor manufacturing and reducing upstream supply risk by securing their NdPr to motor value chain with Arafura.

No formal or binding agreements with the parties have been entered into and negotiations are incomplete. The Company, at this stage, has no certainty as to the timing and likelihood of successfully concluding binding agreements being entered into. Details of these arrangements will be announced to ASX if (and when) formal agreements have been executed.

Project Funding

Strong price performance of NdPr oxide during the quarter aligns with Arafura's market messaging relating to strong demand being driven by EV sales growth combined with the limited ability of existing production to respond.

The Nolans Project economics published in the Nolans Project Update (*refer to ASX Announcement dated 11 May 2021*) assumed a long-term NdPr oxide price of US\$87/kg. NdPr closing price in the December quarter reached US\$133/kg. The strong Nolans Project economics combined with the strong performance of the NdPr price during calendar year 2021 is providing commercial lenders and institutional equity investors with increased confidence in the NdPr sector and its growth potential which is tied to clean energy technologies.

Engagement with key commercial lenders indicates increased appetite to lend to technology metals producers and specifically with commodities aligned with the EV transition which gained momentum throughout 2021. Commercial lender interest is largely contingent upon offtake with quality bankable partners, well-structured long term offtake terms and high ESG standards. The Nolans Project is being structured to meet all of these objectives but is also aligning its offtake with objectives of key ECAs which will look to support producers of downstream NdPr oxide product that is capable of building strong and diversified value chains in their respective jurisdictions. The Nolans funding strategy leverages the existing non-binding letters of support from the Australian Government's Export Finance Australia (**EFA**) and Northern Australia Infrastructure Facility (**NAIF**) for a proposed senior debt facility of up to A\$200 million and A\$100 million respectively. The EFA and NAIF facilities combined with the targeted ECA loan guarantees and the participation of key commercial lenders providing senior debt facilities with ECA cover and an additional uncovered portion will provide the Company with a robust funding structure once executed.

London-based HCF International Advisors Limited has been working with Arafura to review the debt funding strategy, discussion with commercial lenders has been ongoing to examine the sources of project funding, debt sizing and gearing. Finalising of offtake will in turn determine the ECAs the Company will work with and to some extent the appointment of lead lenders.

During 2021, offtake discussion extended to incorporate strategic investment with a number of key parties. There appears to be significant interest in de-risking the NdPr value chain through long term offtake and strategic investment in the upstream value chain. Strategic investment in the Nolans project will be seen as a positive by ECAs and commercial lenders. Engagement with a number of significant institutional investors indicates they are looking for quality assets with exposure to the NdPr market. Nolans with well-structured offtake, EFA and NAIF sovereign support, ECA debt guarantees and strategic investment presents a compelling investment opportunity.

NdPr Market

The spot market price of NdPr oxide increased over the quarter with prices rising over short supply and increased demand. The price of NdPr published by Asian Metal increased from US\$92 per kg to US\$133 per kg during the quarter, an increase of 45% with the spot price experiencing multi year highs.

NdPr supply and spot sales in China's domestic market are limited with official H2 production quota almost absorbed by rare earth processors during the last month of the last quarter. Supply of NdPr from the southern regional processing provinces remains tight with limited availability and placing the supply burden with China Northern Rare Earth Group. Official release of 2022 mining quota may return supply and production to normal when introduced in H1. Continued environmental inspection by Chinese officials at the rare earths hubs constrains domestic supply as facilities are shut to rectify mining and processing operations to new operating standards set by MIIT.

According to data by Baiinfo, Inventory remains at less than 3000 tonnes of NdPr oxide by the end of December. Output and operating rates of separation plants remains high and further government initiatives are in place to improve recovery of NdPr from waste magnet material (SWARF) at recycling plants.

NdFeB magnet demand remains relatively strong with Chinese production output above 20,000 tonnes per month on high demand from a wide range of applications including automotive, wind turbine, consumer electronics and robotics. The rare earths industry is transitioning from industrial to new energy market drivers and the distribution of market value has shifted to Nd and other magnet rare earths. China's aggressive growth driven by de-carbonization will see application growth in many sectors including industrial motors with replacement of older technology with new standards. Wood Mackenzie forecasts REE demand for magnets to increase with a CAGR of 6% per year. Magnet capacity and production is expected to increase with new expansions in place to 2025.

At the end of the month, China continued consolidation and restructure of its rare industry and recently announced the creation of a new rare earth mining giant to rationalize the rare earths assets in the southern region. The new entity named, China Rare Earth Group Co., Ltd, was established through a merger of Aluminium Corporation of China, China Minmetals Corporation, Ganzhou Rare Earth Group (China Southern Rare Earth Group). The strategic reorganization of the rare earth assets allows China greater oversight to operations and pricing power and as such result in closure of substandard facilities whilst upgrading others. The assets of Guangdong Rare Earths and Xiamen Tungsten shall remain separate for the time being.

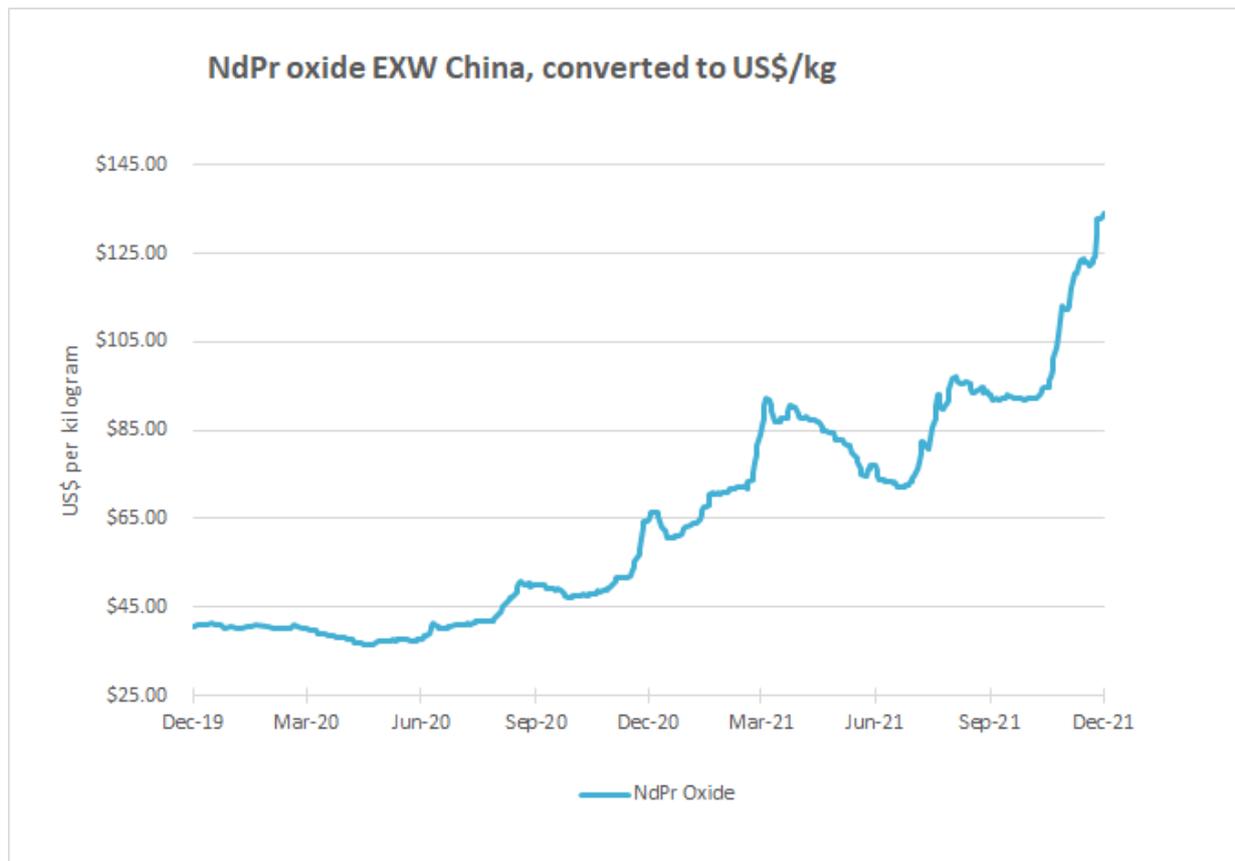


Figure 3: NdPr Oxide Price EXW China inclusive VAT converted to US\$

CORPORATE

Cash Position

Arafura had \$41.7 million in cash reserves at 31 December 2021. This strong financial position has enabled the Company to continue FEED, offtake and project financing activities to continue to meet its development timeline targeting final investment decision by 2H 2022.

During the quarter, the Company spent ~\$0.8 million on exploration and evaluation activities, ~\$1.6 million on corporate, administration and business development costs and ~\$5.0 million on project development activities which relates to FEED. Further details are available in the attached Appendix 5B.

For the quarter ended 30 September 2021, average monthly cash expenditure was \$2.5 million, which is higher than the 30 September 2021 quarter as a result of the increase in FEED activities in the quarter.

Payments of \$230,000 reported in Item 6.1 of the attached Appendix 5B, relates to salaries, fees and superannuation paid to Directors.

Appointment of Darryl Cuzzubbo and changes to Company Secretary

In November, the Company announced the appointment of Darryl Cuzzubbo as non-executive director to the Board. Darryl brings a wealth of knowledge and experience in both the resources and manufacturing sectors, having run major operational assets and led the development and execution of significant breakthrough strategies to deliver major projects. This comes at a critical time for Arafura to transition from development to construction and into production by meeting its target of a final investment decision in 2H 2022.

Additionally, with the criticality of offtake and project finance, Peter Sherrington has stepped down as joint Company Secretary with Catherine Huynh to take on the full responsibility of Company Secretary for the Company. Peter remains as Chief Financial Officer to oversee both the Finance and Marketing functions of the business to fast-track development in these areas.

COVID-19

The Company continues to diligently monitor the status of COVID-19 and the State/Territory and Australian Government's advice around social distancing, travel restrictions, contact tracing and vaccination. Staff and contractors are kept informed of any updates to procedures to align with current recommendations, particularly as Australia is beginning to open some of its borders. Despite lockdowns affecting its Darwin office and travel to and from site, staff were able to appropriately work from home or quarantine as necessary with little to no business interruptions.

Project development continues to progress, with offtake and funding engagement with international parties continuing via voice and videoconferencing technology as well as engagement of advisors in other relevant jurisdictions to engage with offtake partners and financiers on the Company's behalf. The Company has recommenced domestic travel to continue government engagement and project related work when there have been no restrictions.

Tenements

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

Forward Looking Statements

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

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

Production Targets and Forecast Financial Information

The information in this report that relates to production targets and forecast financial information 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.

APPENDIX 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity	
Arafura Resources Ltd	
ABN	Quarter ended ("current quarter")
22 080 933 455	31 December 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	(4,998)	(5,296)
	(c) production	-	-
	(d) staff costs	(681)	(1,355)
	(e) administration and corporate costs	(943)	(2,460)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	40	70
1.5	Interest and other costs of finance paid	(3)	(9)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(6,585)	(9,050)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements and bonds	-	-
	(c) property, plant and equipment	(48)	(82)
	(d) exploration and evaluation	(806)	(2,948)
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (R&D refund – capitalised portion)	(6)	(6)
2.6	Net cash from / (used in) investing activities	(860)	(3,036)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	56	45,322
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(2,158)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (proceeds pending issue of equity securities and repayment of lease liabilities)	(63)	(127)
3.10	Net cash from / (used in) financing activities	(7)	43,037

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4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	49,191	10,788
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(6,585)	(9,050)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(860)	(3,036)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(7)	43,037
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	41,739	41,739

5.	Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	5,737	25,963
5.2	Call deposits	36,002	23,228
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	41,739	49,191

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(230)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

Salaries, fees and superannuation of Directors of the Company.

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

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(6,586)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(806)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(7,392)
8.4	Cash and cash equivalents at quarter end (item 4.6)	41,739
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	41,739
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.6
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
	8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: Not applicable.	
	8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: Not applicable.	
	8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: Not applicable.	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>		

COMPLIANCE STATEMENT

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

Date: 20/01/2022

Authorised by: The Audit Committee
(Name of body or officer authorising release – see note 4)

Notes

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

APPENDIX A – MINING TENEMENTS HELD AS AT 31 DECEMBER 2021

Tenement reference	Project	Holder	Nature of interest	Interest at beginning of quarter	Interest at end of quarter	Notes
ML 26659	Nolans, NT	Arafura Rare Earths Pty Ltd	Mineral Lease	100%	100%	
ML 30702				100%	100%	
ML 30703				100%	100%	
ML 30704				100%	100%	
ML 32411				100%	100%	
ML 32412				100%	100%	
ML 32413				100%	100%	
ML 32414				100%	100%	
ML 32415				100%	100%	
ML 32416				100%	100%	
EL 28473	Aileron–Reynolds, NT	Arafura Resources Ltd	Exploration Licence	100%	100%	
EL 28498				100%	100%	
EL 29509				100%	100%	
EL 31224				100%	100%	
EL 31284				100%	100%	
EL 31957				100%	100%	
EL 29701	Bonya JV, NT	Arafura Resources Ltd	Exploration Licence	60%	60%	Thor Mining Plc 40%, Arafura Resources Limited 60%
EL 32167	Jervis Vanadium, NT	Arafura Resources Ltd	Exploration Licence	60%	60%	Thor Mining Plc 40%, Arafura Resources Limited 60%
ML32722	Nolans, NT	Arafura Rare Earths Pty Ltd	Mineral Lease	100%	100%	Application lodged.
ML33107	Nolans, NT	Arafura Rare Earths Pty Ltd	Mineral Lease	100%	0%	Application lodged.
EMEL 32672	Nolans, NT	Arafura Rare Earths Pty Ltd	Extractive Mineral Exploration License	100%	100%	
EMEL 32673						
EMEL 32674						
EMEL 32675						
EMEL 32676						
EMP33078	Nolans, NT	Arafura Rare Earths Pty Ltd	Extractive Exploration Licence	100%	0%	Application lodged.
EMP33079						
EMP33080						
EMP33081						
EMP33082						
EMP33084						
EMP33085						