

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

Investor Presentation

December 2022



For personal use only

5/12/2022





Disclaimer

This presentation has been prepared by Arafura Rare Earths Limited (Arafura, Arafura Rare Earths or the Company) and is of a 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 Rare Earths' 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." 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 Rare Earths 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 Rare Earths 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 Rare Earths 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 Rare Earths, 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 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.

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

Mineral Resources and Ore Reserves

The information in this presentation that relates to Mineral Resources is extracted from the Company's ASX announcement dated 7 June 2017 (Detailed Resource Assessment Completed) and was completed in accordance with the guidelines of the JORC Code (2012). The information in this presentation that relates to Ore Reserves is extracted from the Company's ASX announcement dated 16 March 2020 (Major Increase in Mine Life for the Nolans Project) and was completed in accordance with the guidelines of the JORC Code (2012). Arafura Rare Earths 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 Rare Earths confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Production Targets and Forecast Financial Information

The information in this presentation that relates to production targets and financial information is extracted from the Company's ASX announcement dated 11 November 2022 (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 November 2022. 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 November 2022 (including any assumptions referred to in the Company's ASX announcement dated 11 November 2022 that were used from the DFS as set out in the Company's ASX announcement dated 7 February 2019 (Nolans Project Definitive Feasibility Study) or from the Updated Mining Study as set out in the Company's ASX announcement dated 16 March 2020 (Major Increase in Mine Life for the Nolans Project)), continue to apply and have not materially changed.

Corporate Snapshot



Arafura's Vision

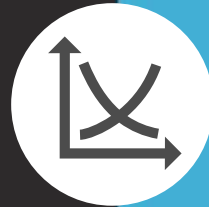
To be the **trusted, leading rare earths partner** of customers in high impact technologies and **enduringly lift the sustainability of our planet**



Nolans is a **shovel-ready world class NdPr project** in the Northern Territory



NdPr is the key input for high performance **NdFeB permanent magnets**



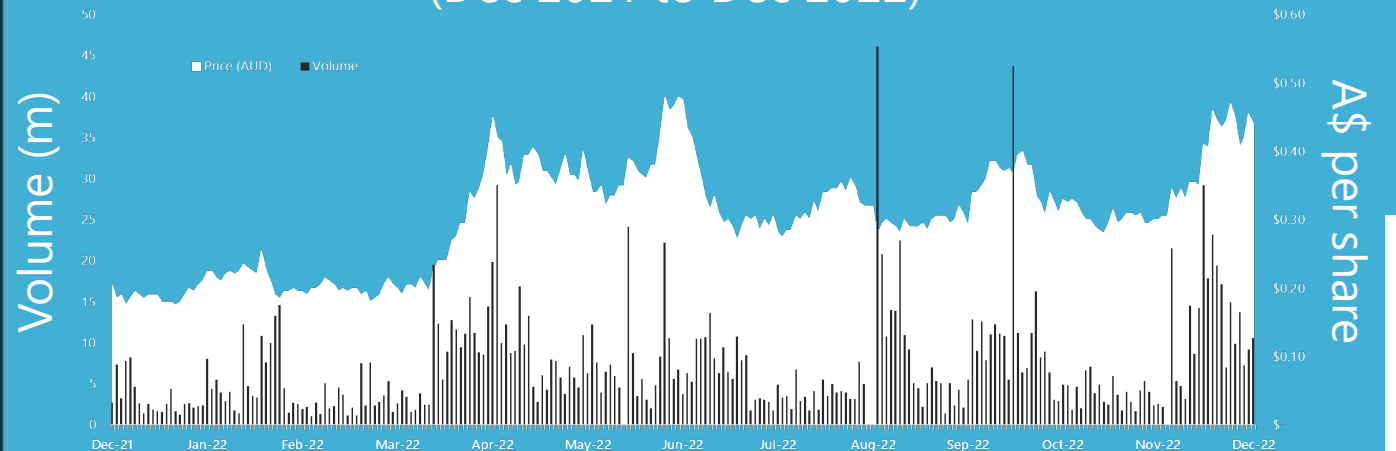
Production is aligned with forecast **supply shortage**

Capital Structure

ASX Code	ARU
ASX Share Price (1 Dec 2022)	\$0.44
Shares on Issue	1,727m
Market Capitalisation	\$760.1m
12 Month Liquidity	\$578.2m
Cash*	\$49.0m
Debt	Nil
Enterprise Value*	\$711.1m

**Data based on 30 September 2022 Quarterly Report*

Share Price Performance (Dec 2021 to Dec 2022)



Equity Raising Overview

For personal use only

Arafura is raising up to A\$133 million (before costs) to accelerate its schedule for construction

Offer Structure and Size	<ul style="list-style-type: none">✓ Placement to sophisticated, professional and other institutional investors in Australia and overseas to raise A\$121m (before costs) ("Placement")✓ Share Purchase Plan to existing investors to raise A\$12m before costs (SPP) with ability to increase the size of the offer (subject to ASX Listing Rules).✓ New fully paid ordinary shares ("New Shares") will rank equally with existing shares.
Offer Price	<ul style="list-style-type: none">✓ Offer price of A\$0.37 per share, which represents a:<ul style="list-style-type: none">- 15.9% discount to last closing price of A\$0.44 on 1 December 2022 (before the Company went into trading halt); and- 15.1% discount to the 5 trading-day volume weighted average price of A\$0.436 to 1 December 2022.
Use of Proceeds	<ul style="list-style-type: none">✓ Completion of an early contractor involvement (ECI) phase to optimise the Nolans Project and agree a contract for the construction of the hydrometallurgical plant;✓ placement of orders for long lead or near critical path items;✓ commencement of fabrication in readiness for main plant construction;✓ commencement of early works construction, including for the accommodation village, project water supply, earthworks and other associated items;✓ continuation of detailed design and tender activities to advance the design and procurement of the Nolans Project across all areas;✓ ongoing marketing and sales negotiations in the US, Asia and Europe and financing activities; and✓ general working capital purposes.

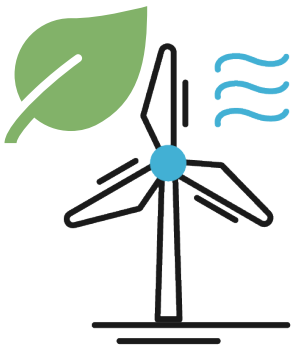
Nolans Project

is the only advanced stage NdPr focused project outside China that plans to mine and process ore to oxide at a single site.

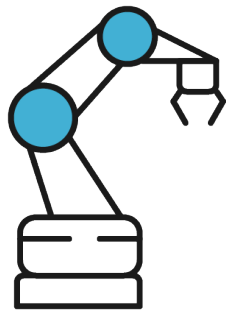
The Nolans Project contains all the Rare Earths but is particularly enriched in the 'Magnet Feed' Rare Earths NdPr



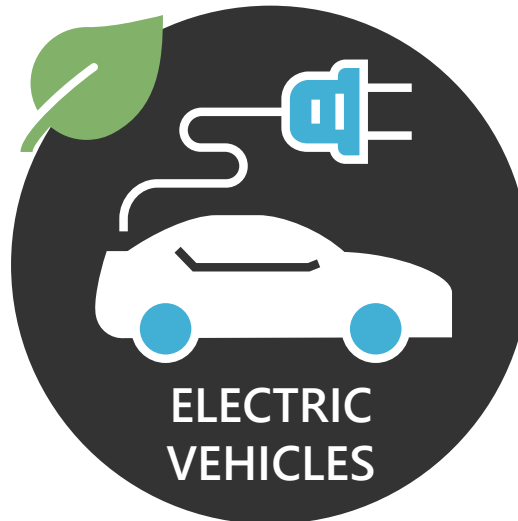
The fastest growing market for NdPr Oxide is in **NdFeB Magnets**. They help make everyday items smaller, lighter, mobile, more efficient and more affordable.



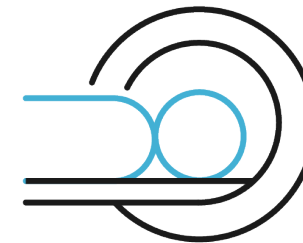
WIND
TURBINES



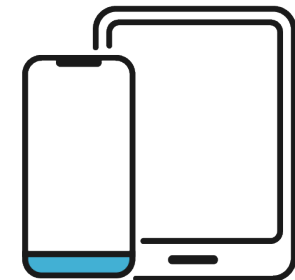
ROBOTS



ELECTRIC
VEHICLES



MRI
MACHINES



PHONES &
TABLETS

Project Update

Key Takeaways



Nolans is the only advanced fully permitted Ore to Oxide project of scale outside China



Cornerstone Binding Offtake Agreement with Hyundai and Kia. Non-binding MoU with GE Renewable Energy to collaborate in establishment of sustainable supply chain for NdPr.



Strong economics with 68% increase in NPV₈ to A\$2.4 billion and average A\$573m annual EBITDA at NdPr price of US\$130 per kg



Long term outlook for NdPr price is extremely robust with upside case delivering NPV₈ of A\$4.2 billion at NdPr price of US\$190 per kg

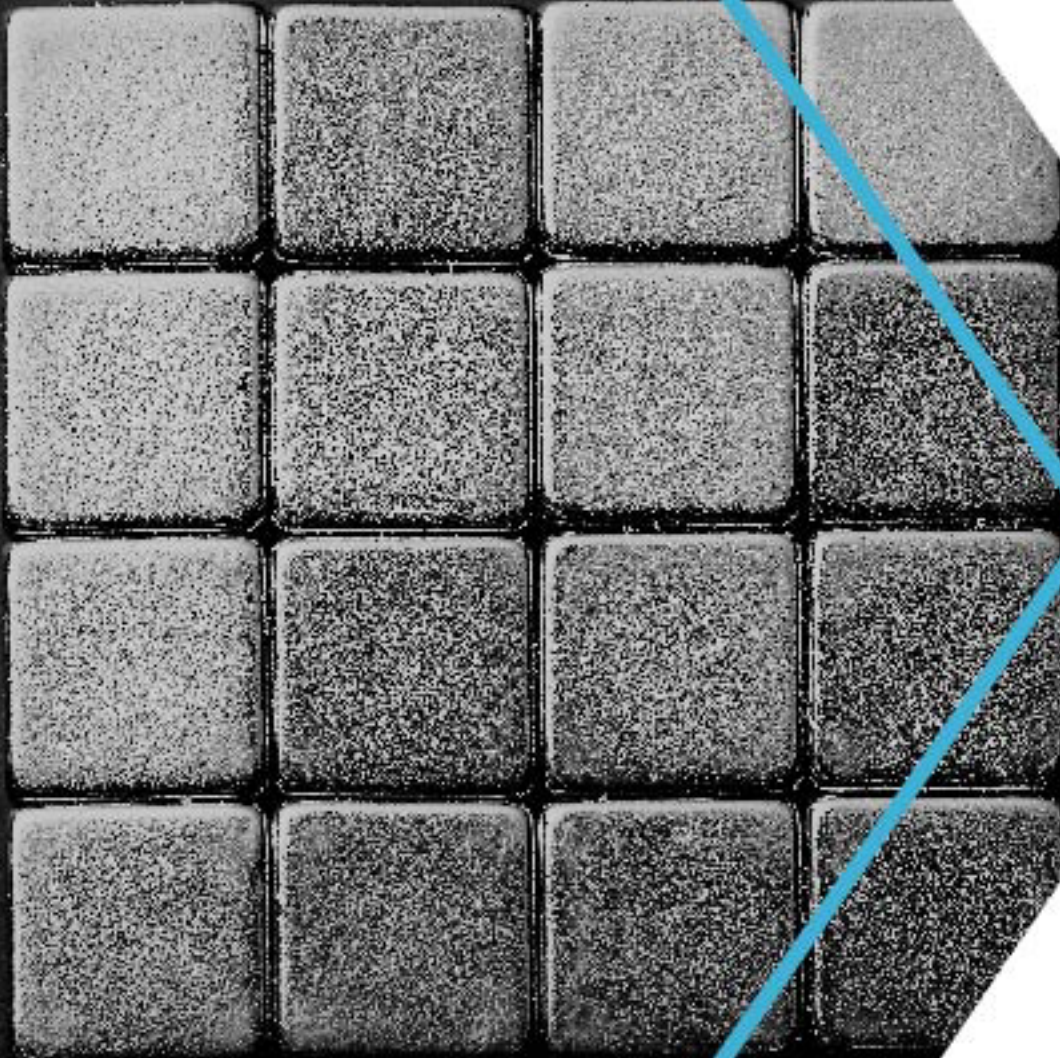


Debt process under way with Société Générale and National Australia Bank, underpinned by NAIF / EFA and gaining support from ECAs



On track for commencing procurement and construction in early 2023

NdPr Market & Offtake



For personal use only

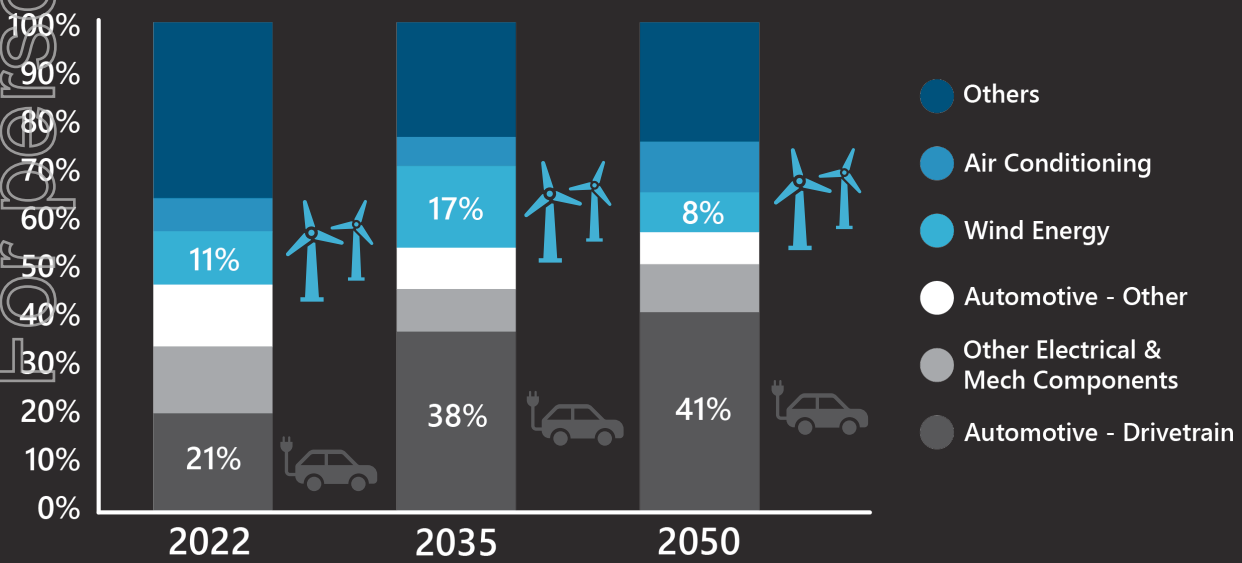
NdPr for Magnets Critical Component in Clean Energy Sector

Wood Mackenzie forecast an Accelerated Energy Transition (AET) 1.5°C scenario (Global net zero by 2050) requires significant and prolonged ramping-up of RE production

Security of supply will be challenged, sustained higher NdPr prices will be required to stimulate the development pipeline

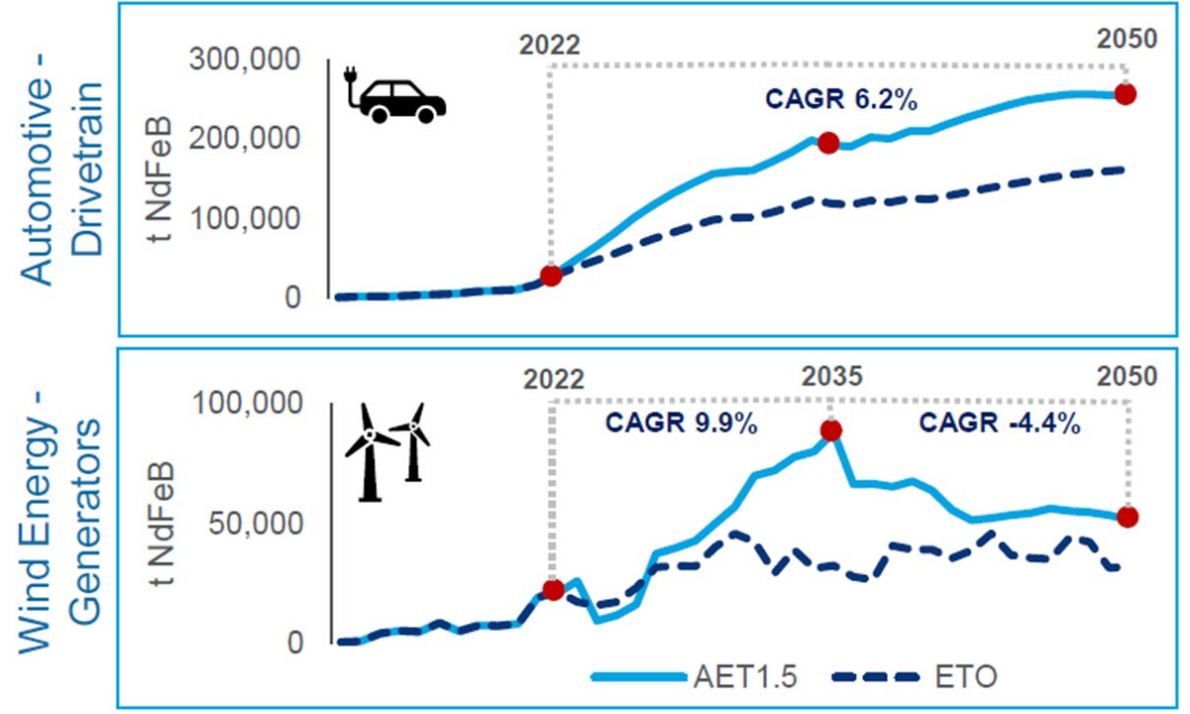
Drivetrain automotive and wind energy to represent 55% of magnet demand in 2035

NdFeB Magnet Demand by Major End-Use (AET1.5)



Source: Wood Mackenzie Business

Forecast supply gap emerging by 2030 represents in excess of **10 Nolans Projects**



ETO = Energy Transition Outlook (Base Case)
 AET1.5 = Accelerated Energy Transition 1.5°C (Scenario)

Source: Wood Mackenzie Business

For personal use only

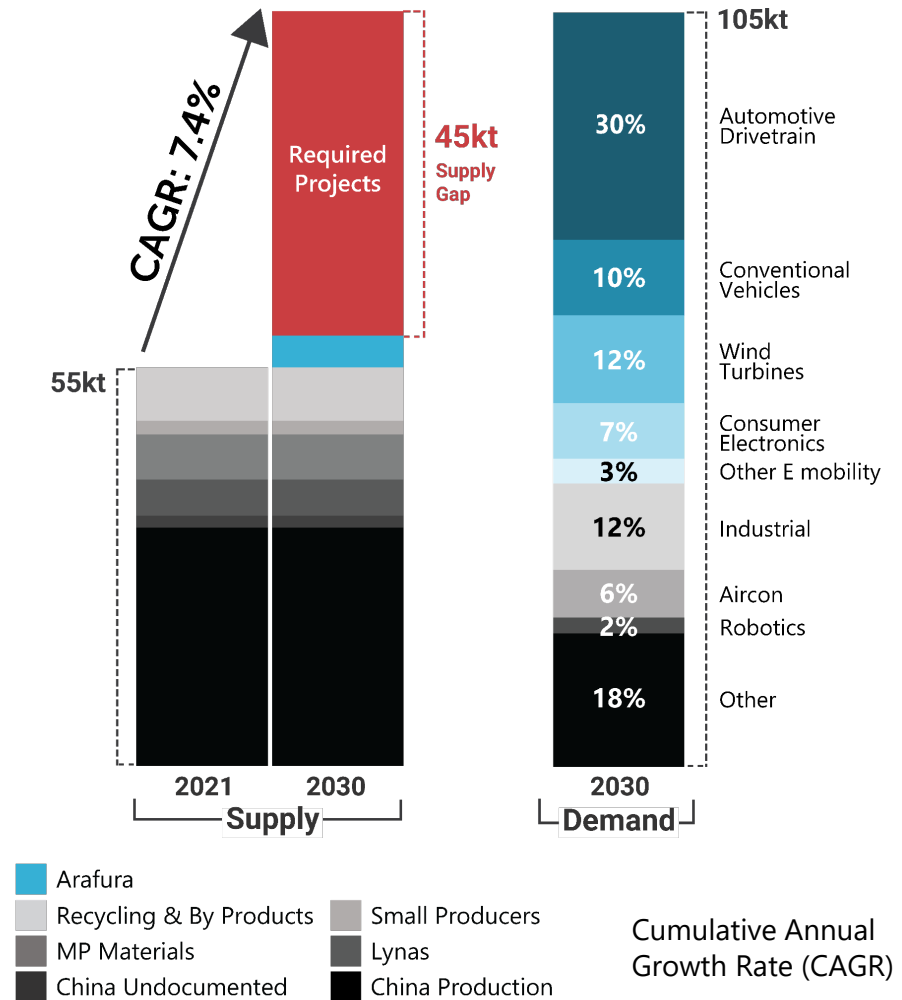
NdPr Supply Gap

For personal use only

- ✓ New supply will lag significantly behind demand growth and only a handful of non - China NdPr projects will be in production in the next 5 years
- ✓ Tighter regulatory and policy controls will constrain China's ability to expand at the same pace and open new mines after a decade of environmental legacy issues
- ✓ China supply growth supports its own China 2025 strategy and downstream industry demand growth in Wind and NEV
- ✓ Supply gap will largely be concentrated with non-China NdPr users
- ✓ Significant competition for NdPr between offshore wind and EV makers

Investment in new projects is required to meet demand requirements

NdPr Supply & Demand



Source: Arafura internal Supply Demand forecast referencing Wood Mackenzie - Rare earth market Outlook to 2050, 2021; CRU - Rare Earth Market Study, 2020; General Administration of Customs of China via Baiinfo January 2022. Supply is primary supply and excludes secondary source of NdPr supply from waste magnet production.

Hyundai and Kia Binding Offtake

For personal use only



1

Hyundai Motor Company and Kia Corporation sign cornerstone binding NdPr offtake agreement for an initial seven (7) year term (with mutual agreement extension of five (5) years)¹.

2

Agreement provides for the supply of annual contract quantities of NdPr oxide that will increase to up to 1,500tpa when Nolans Project achieves nameplate production.

3

Represents supply commitment for approximately 40% of the 85% annual Planned Production² available under long term sale arrangements.

4

Supply currently anticipated to commence in calendar year 2025³

5

Additional non-binding Heads of Agreement (HoA) signed for potential Hyundai strategic investment in Company.

1. Refer to ASX Announcement dated 7 November 2022.

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

3. Milestone targets are indicative and subject to change and are contingent upon funding, offtake activities, completion of construction and development, commissioning and general market conditions.

Offtake



Arafura is targeting 85% of Planned Production¹ as binding offtake for FID (Binding Offtake Target).

For personal use only



Binding offtake agreement entered into with Hyundai and Kia for up to 1,500 tpa oxide (or metal equivalent)

4 other companies in contract negotiations representing 63% of Binding Offtake Target

Some may be displaced if other potential offtakers in advanced discussions commit earlier

Offtake Discussion Group	Location	NdPr Oxide (tpa) ²	% of Binding Offtake Target
Secured Offtake (binding agreement)			
Hyundai & Kia	Korea	1,500	40%
Offtake under discussion³			
Contract negotiations	Japan & Europe	2,375	63%
Advanced offtake discussions	Europe & US	2,600	69%
Total		6,475	172%

Targeting NdPr users not aligned with *Made in China 2025 Strategy*

1. Planned Production refers to the average annual production from Nolans of 4,440 tpa (Refer ASX Announcement dated 11 May 2021).
 2. Product may be supplied as NdPr Oxide or Metal equivalent.
 3. The Company, at this stage, has no certainty as to the timing and likelihood of successfully concluding binding agreements being entered into.



(ASX:ARU)

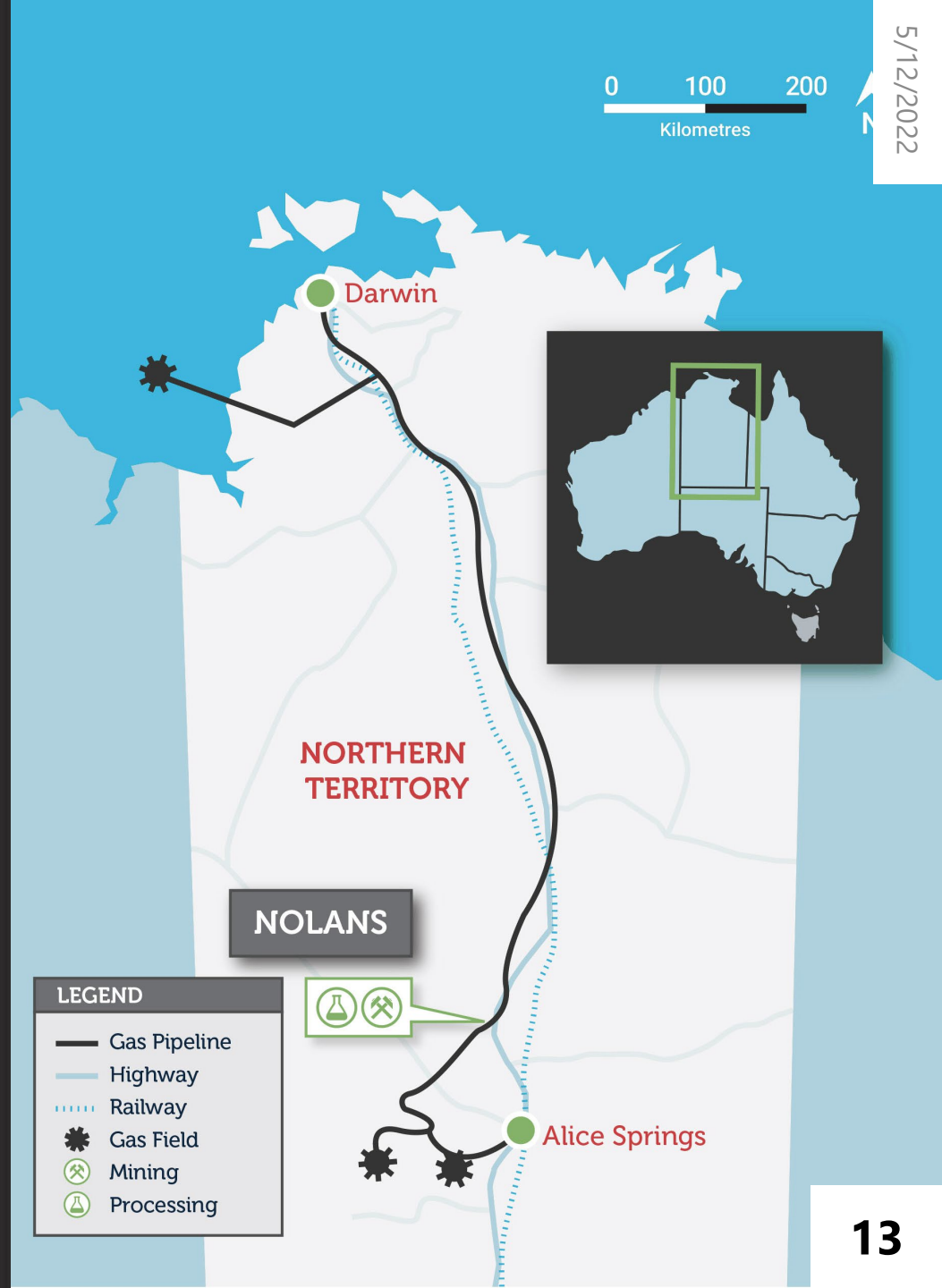
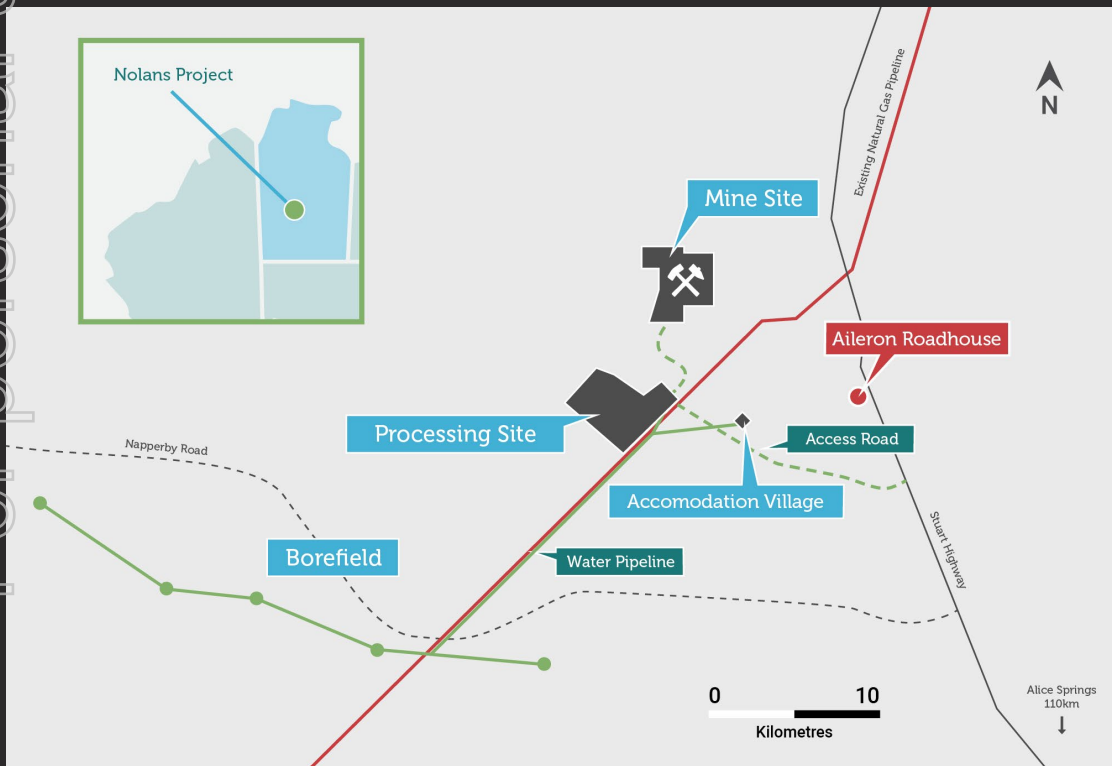
Nolans Project Overview

For personal use only



Close to existing key infrastructure

- ✓ Stuart Highway 10km 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



For personal use only

Nolans NdPr Status



Regulatory

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



Security of Tenure & Social License to Operate

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



Technical

- ✓ DFS and Project Update complete
- ✓ Extensive piloting of ore to oxides flowsheet
- ✓ Appointment of KBR & Wave to in-house team
- ✓ Front-end Engineering & Design underpins capital cost update



Commercial

- ✓ Customer verification of oxide products
- ✓ Offtake agreements being signed
- ✓ Project Funding with lead debt arrangers appointed

Strong Project Economics

For personal use only

Key Project Information		
Mining and Production		
Mine Life (years)		38
NdPr Oxide (tpa)		4,440
SEG/HRE Oxide (tpa)		474
Phosphoric Acid (tpa 54% P ₂ O ₅ MGA)		144,393
Product Pricing		
US\$/kg NdPr Oxide price – offtake period		125.50
US\$/kg NdPr Oxide price – LOM		130.10
Financial	US\$	A\$
Capital Cost		
Pre-production Capital (\$m)	995	1,394
Contingency (\$m)	140	196
Total (\$m)	1,135	1,590
Revenue		
Rare Earth Sales Revenue (\$m/annum)	587	822
Phosphoric Acid Sales Revenue (\$m/annum)	65	91
Operating Costs		
Mining Costs (\$m/annum)	(31)	(44)
Processing Costs (\$m/annum)	(138)	(193)
General and Administration Costs (\$m/annum)	(26)	(36)
EBITDA (\$m/annum)	409	573
KPI Analysis	US\$	A\$
Operating Cost \$/kg NdPr	43.95	61.60
Operating Cost \$/kg NdPr net of P ₂ O ₅ credit	34.64	48.52
NPV ₈ after tax (\$m)	1,693	2,358
IRR after tax (%)	19.3%	

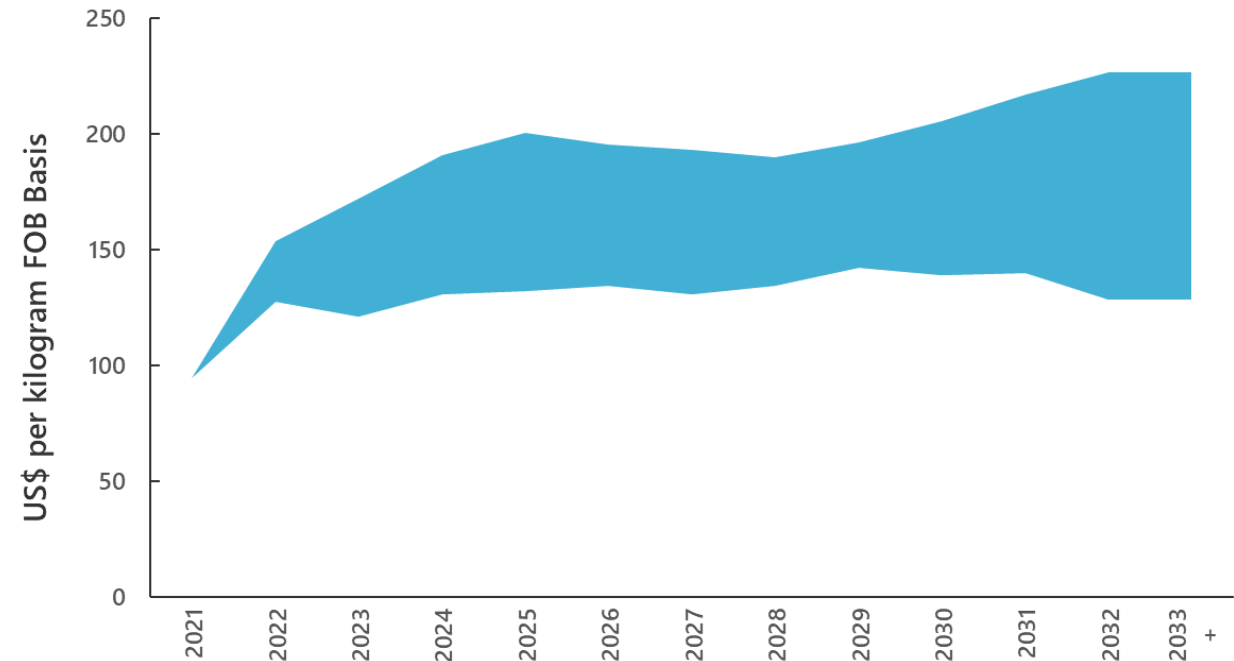
The Project Economics table is based on the assumptions and estimates set out in the Nolans Project Update (refer to ASX Announcement dated 11 November 2022). Numbers may not compute because of rounding. Product prices during the offtake period refer to the first seven years of production when offtake agreements will include discounts and other contract mechanisms put in place to underpin project finance for up to approximately 85% of NdPr oxide production with averages calculated as the weighted average over the specified period. Average revenue, costs and EBITDA are calculated as the arithmetic annual average following the anticipated two year ramp up period and excluding the final years of production from low grade stockpiles.

- ✓ Project Update released in November 2022
- ✓ **Post-tax NPV₈ of A\$2.4 billion** and IRR of 19.3%
- ✓ Capital cost **A\$1,394m** plus **A\$196m** contingency
- ✓ Annual average EBITDA of **A\$573m**
- ✓ NdPr pricing based on average over LOM of **US\$130 per kg**

Potential Robust Returns

- ✓ Scenarios based on independent reports from Wood Mackenzie and Adamas Intelligence
- ✓ Solid returns using low case **Post-tax NPV₈ of A\$1.8 billion**
- ✓ Outstanding returns on high case **Post-tax NPV₈ of A\$4.2 billion**

Pricing Scenario KPI Analysis			
Description	Low	Base	High
US\$/kg NdPr Oxide FOB Darwin (Offtake Contract Period)	114.20	125.50	147.20
US\$/kg NdPr Oxide FOB Darwin (LOM)	113.90	130.10	190.00
Average EBITDA (A\$ per annum)	480	573	912
NPV ₈ after tax (A\$m)	1,780	2,358	4,184
Internal Rate of Return (%)	17.0	19.3	24.1



Reference: Nolans Project Update ASX Announcement dated 11 November 2022

Drive to Production

For personal use only



- ✓ Monadelphous selected as preferred hydrometallurgical plant constructor, commencing ECI phase to optimise costs
- ✓ Hatch working on "Scope Lock" for detailed design
- ✓ Other contracts being tendered ready for award
- ✓ Commence long lead procurement in January 2023 and FID in March, with start of early works construction soon after
- ✓ Planned Production in second half of 2025 following Financial Close mid-2023

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

ESG Ambitions

For personal use only

ESG Focus

For personal use only

Key Pillars

 Supply Chain Integrity

 Emissions

 Waste and Water

 Indigenous Engagement

*"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."*

Key Initiatives



Best Practice GHG Emissions & Water Management

- Net Zero Commitment
- Pursuing deep renewable energy and storage integration into plant design
- Water reduction strategy



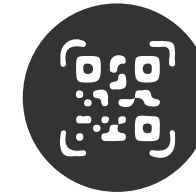
Sustainability Reporting

- Phase 1: 2021 report meets global ESG reporting standards
- Phase 2: accelerating to best practice for production phase through metric-based continuous assessment, disclosure and systems
- Aligning to TCFD, GRI etc.



IRMA Pending Member

- Participant in the IRMA Ready Pilot Program.
- Independent assessment to be undertaken to be recognised under the IRMA standard



Traceability – Blockchain Technology

- Aligned with customers' best practice ESG expectations
- Allow tracing of Nolans sustainably produced products through entire supply chain to customers



Innovation and Technology

- Downstream value add opportunities
- Early-stage review of low-carbon metallisation processing opportunities
- Progressing study into hydrogen and concentrated solar thermal energy into plant and operations



(ASX:ARU)

Delivering to an ESG World

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

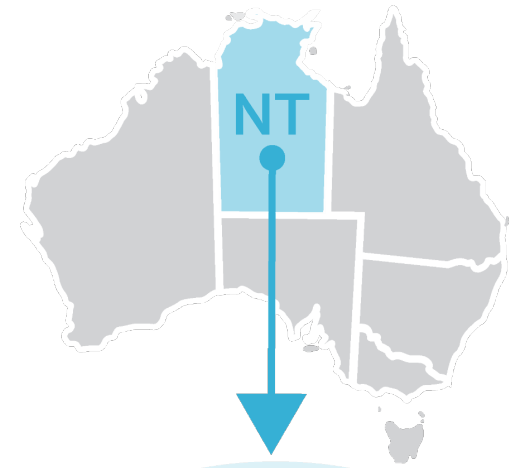
In a changing world a focus on environmental responsibility has become paramount

All environmental approvals along with **Mining Authorisation** have been secured and waste management & site rehabilitation fully costed.

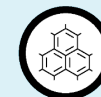
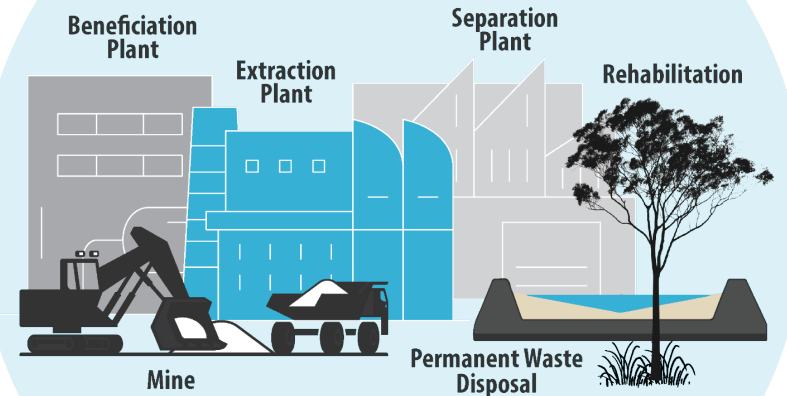
Single site processing provides traceable product and waste management certainty which is **aligned with customers' ESG expectations.**



ESG



SINGLE SITE



NdPr Oxide



SEG-HRE Oxide



Phosphoric Acid



(ASX:ARU)

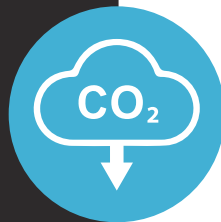
For personal use only



Funding

5/12/2022

Funding Strategy Leverages Global Focus On Critical Material Supply Chains



Most countries targeting low carbon transport and renewable energy to achieve net-zero emissions



Europe, Japan, Korea and US recognise the need for diversified and robust critical material value chains



Foreign ECAs seeking well structured projects for the supply of critical materials for the manufacturing of EVs and renewable technologies



OEMs looking to engage upstream to secure raw materials and supply chain risks can be mitigated via a partner approach. Arafura's momentum with offtake discussion has enabled engagement to expand, to include Nolans project equity and strategic investment¹

1. The Company at this stage, has no certainty as to the timing and likelihood of negotiations with potential strategic equity partners successfully concluding or binding agreements being entered. Details of any binding arrangements will be announced to the ASX if (and when) formal agreements have been executed.

Progress on Funding

Debt

- ✓ Mandated Lead Arrangers (MLAs) appointed- Société Générale and NAB
- ✓ MLAs seeking to arrange US\$510m (inclusive of cost over run) debt financing
- ✓ Balance of the debt financing will be targeted through untied ECA funding and to the extent required additional MLA banks or via syndication
- ✓ NAIF & EFA will support A\$300m of debt subject to further DD and credit approval
- ✓ Offtake drives the participation of untied ECA funding

Other paths to development

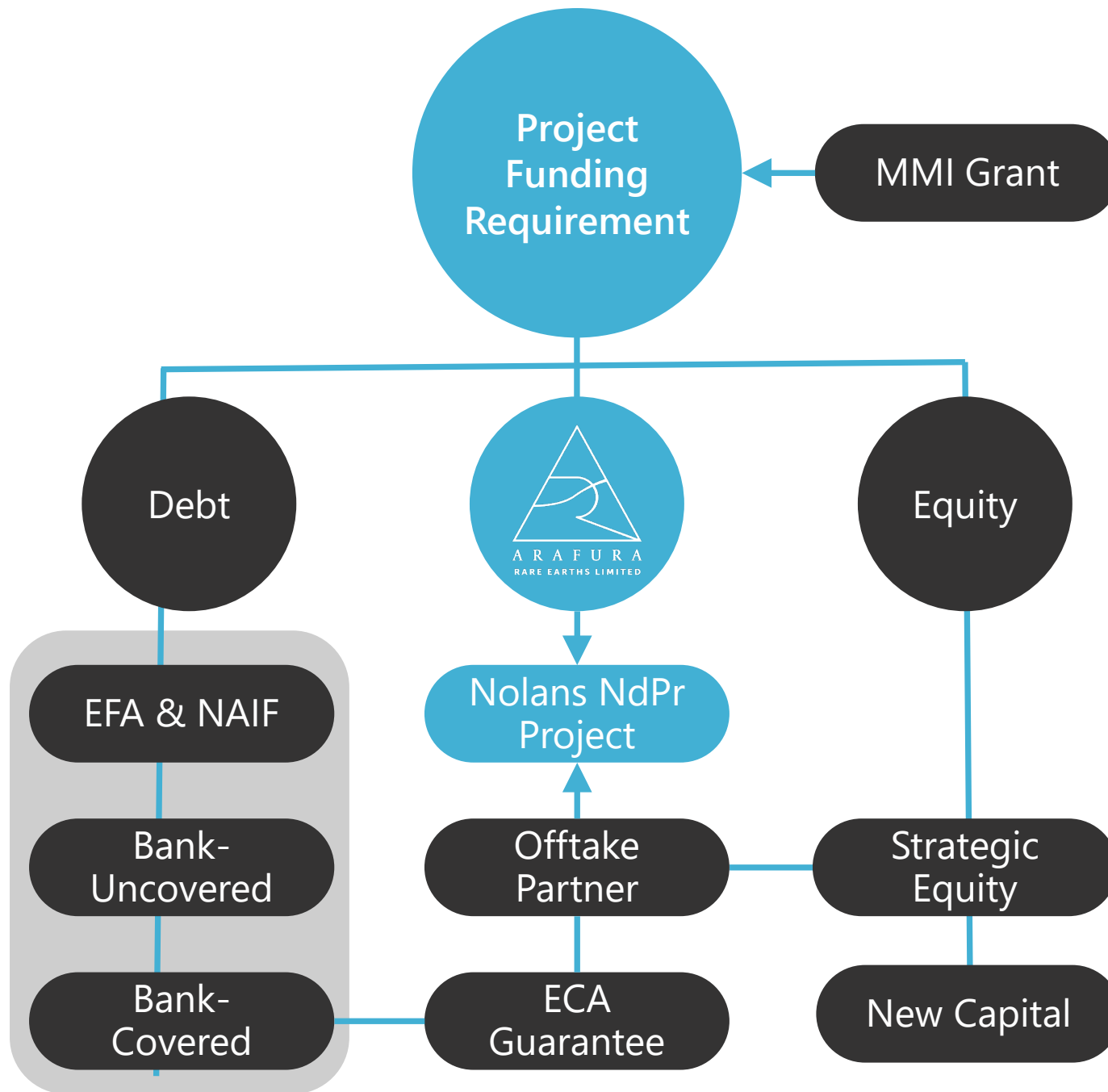
✓ In addition to traditional debt and equity funding options, the Company and its advisors regularly consider and assess options put forward by third parties (including potential corporate and asset-level transactions) which could, if implemented, give rise to an alternative pathway to the funding and development of the Nolans Project. If any of these proposals become sufficiently advanced further ASX announcements will be made¹

Equity

- ✓ Potential strategic investment in Arafura to be negotiated in conjunction with final offtake through HoA with Hyundai and MoU with GE Renewable Energy
- ✓ Strategic equity linked to other potential offtakes partners.
- ✓ A\$30m MMI Grant for construction of separation plant reduces equity requirement

¹ The Company at this stage, has no certainty as to the timing and likelihood of negotiations with potential partners successfully concluding or binding agreements being entered. Details of any binding arrangements will be announced to the ASX if (and when) formal agreements have been executed.

Targeted Project Funding Structure



For personal use only



International Offer Restrictions

5/12/2022



ARAFURA
RARE EARTHS LIMITED

(ASX:ARU)

International Offer Restrictions

For personal use only

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.

Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces"), only to persons to whom New Shares may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not a prospectus, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons who are "accredited investors" within the meaning of National Instrument 45-106 – Prospectus Exemptions, of the Canadian Securities Administrators.

No securities commission or authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of the New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws. While such resale restrictions generally do not apply to a first trade in a security of a foreign, non-Canadian reporting issuer that is made through an exchange or market outside Canada, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages and rescission. Securities legislation in certain Provinces may provide a purchaser with remedies for rescission or damages if an offering memorandum contains a misrepresentation, provided the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's Province. A purchaser may refer to any applicable provision of the securities legislation of the purchaser's Province for particulars of these rights or consult with a legal adviser.

Certain Canadian income tax considerations. Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as there are Canadian tax implications for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

Cayman Islands

No offer or invitation to subscribe for New Shares may be made to the public in the Cayman Islands or in any manner that would constitute carrying on business in the Cayman Islands.

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"). Accordingly, this document may not be distributed, and the New Shares may 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).

International Offer Restrictions

For personal use only

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.

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 of 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.

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 13 of the Securities and Futures Act 2001 of Singapore (the "SFA") or another exemption under the SFA.

This document has been given to you on the basis that you are an "institutional investor" or an "accredited investor" (as such terms are defined in the SFA). If you are not such an investor, 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 in Singapore. On-sale restrictions in Singapore 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.

Thailand

This document is not intended to be an offer, sale or invitation (directly or indirectly) for subscription or purchase of securities to the public in Thailand. This document has not been registered as a prospectus and registration statement with the Office of the Securities and Exchange Commission of Thailand. Accordingly, this document and any other document relating to the offer, sale or invitation for subscription or purchase, of the New Shares may not be circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public of Thailand.

This document will not be distributed in Thailand except in compliance with the filing requirements of the Securities and Exchange Act B.E. 2535 (1992), as amended, and any other applicable rules, notifications and regulations regarding the filing requirements issued thereunder, including the private placement exemptions.

International Offer Restrictions

For personal use only

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.

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:

- "institutional accredited investors" within the meaning of Rule 501(a)(1), (2), (3), (7), (8), (9) and (12) 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

For personal use only



Level 6, 432 Murray St, Perth WA 6000
34/119 Reichardt Rd, Winnellie NT 0820



+61 8 6370 2800



arafura@arultd.com



www.arultd.com



Appendices

For personal use only



Experienced Board



Mark Southey

NON-EXECUTIVE CHAIR

Mark Southey has previously held senior executive positions with Honeywell and ABB both in Australia and internationally, and more recently was part of the global executive leadership team within WorleyParsons, where he held the position of Group Managing Director for the Minerals, Metals and Chemicals Sector. He is Chair of Arafura Resources' Remuneration and Nomination Committee and is a member of the Risk Management Committee and Sustainability Committee.



Chris Tonkin

NON-EXECUTIVE DIRECTOR

Chris Tonkin has over 35 years' experience as a senior business executive with a broad industry background in business generation, management, and strategy development. He is Chair of Arafura Resources' Audit Committee and is a member of the Remuneration and Nomination Committee and the Risk Management Committee.



Quansheng Zhang

NOMINEE DIRECTOR

Quansheng Zhang holds a Doctoral degree in Engineering and a Masters degree in Geophysical Prospecting. He is based in Nanjing in the Peoples Republic of China and is the General Manager of Hong Kong East China Non-Ferrous Mineral Resources Co Ltd (HKECE). Quansheng has over 30 years of mineral prospecting and exploration experience, and expertise in mineral resource surveys and geophysics.



Cathy Moises

NON-EXECUTIVE DIRECTOR

Cathy Moises has extensive experience in the resources sector having worked as a senior resources analyst for several major stockbroking firms including McIntosh (now Merrill Lynch), County Securities (now Citigroup) and Evans and Partners where she was a partner of that firm. More recently in 2017-2019, Cathy was Head of Research at Patersons Securities Limited. Ms Moises is also a non-executive director of WA Kaolin Limited and an advisory panel member for Argonaut Resources Fund.



Darryl Cuzzubbo

NON-EXECUTIVE DIRECTOR

Darryl has over 30 years' experience in global roles in multi-commodity resources, services and manufacturing, holding both Senior Executive and Executive Director roles over a very successful career. He 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.

Experienced Management

For personal use only



Gavin Lockyer

MANAGING DIRECTOR

Gavin Lockyer's diverse, global experience has provided management and leadership opportunities in a range of disciplines including; Accounting, Financial & Investment Banking, Major Resource Development & Operations, and Global Bank Treasuries. Over the past 20 years his career has exposed him to business practices in North America, Europe, and Australasia.



Peter Sherrington

CHIEF FINANCIAL OFFICER

Peter commenced employment with Arafura in 2008 as Commercial Manager and was appointed Chief Financial Officer in July 2013. He has more than 20 years' experience in professional and corporate roles in Perth. Prior to working with Arafura, he held senior finance and commercial positions with several ASX and public unlisted entities. He has also worked in public practice for 10 years in the areas of business services and corporate advisory.



Stewart Watkins

GENERAL MANAGER PROJECTS

Stewart has over 30 years' experience in many facets of the mining industry including operations, engineering consulting, project development and management. This has included a wide range of roles including corporate and business management, business development, project/study management, process design, commissioning and process plant operation. Stewart is a Fellow of the AusIMM.



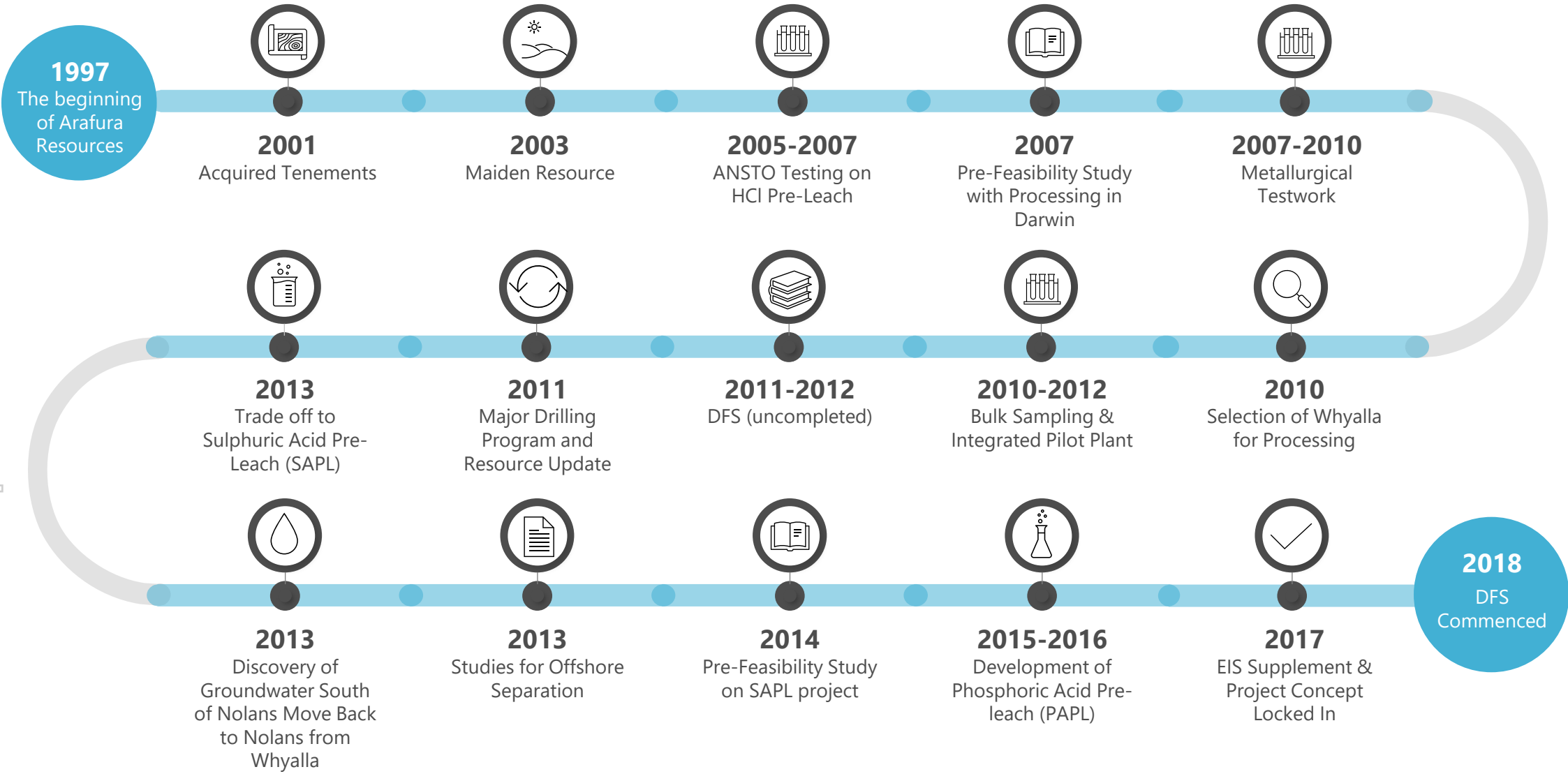
Lloyd Kaiser

GENERAL MANAGER SALES & MARKETING

Lloyd has more than 10 years' experience in the sales and marketing of industrial minerals into high value sector markets including the nuclear, automotive, and advanced ceramics sectors. Prior to joining Arafura, he held several senior positions in account management, business development and marketing across a diverse range of commodities and chemicals including alumina, coal, industrial minerals, refractories, and ceramics.

Long Life Development

For personal use only



Long Life Asset

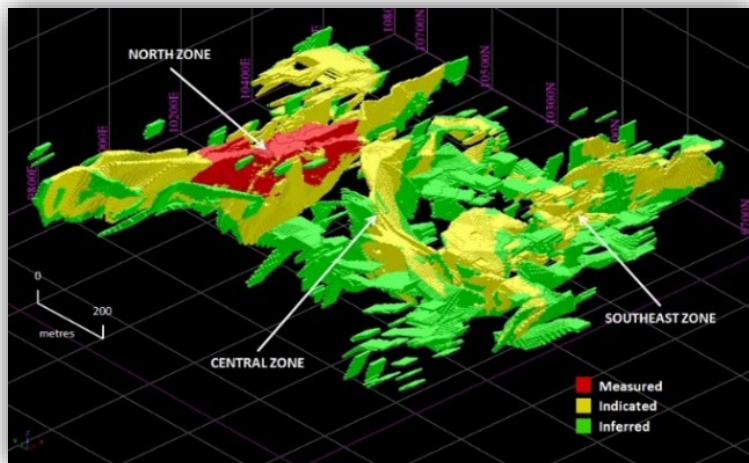
RESOURCES	TONNES (m)	RARE EARTHS TREO %	PHOSPHATE P ₂ O ₅ %	NdPr ENRICHMENT %
Measured	4.9	3.2	13	26.1
Indicated	30	2.7	12	26.4
Inferred	21	2.3	10	26.5
TOTAL	56	2.6	11	26.4

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

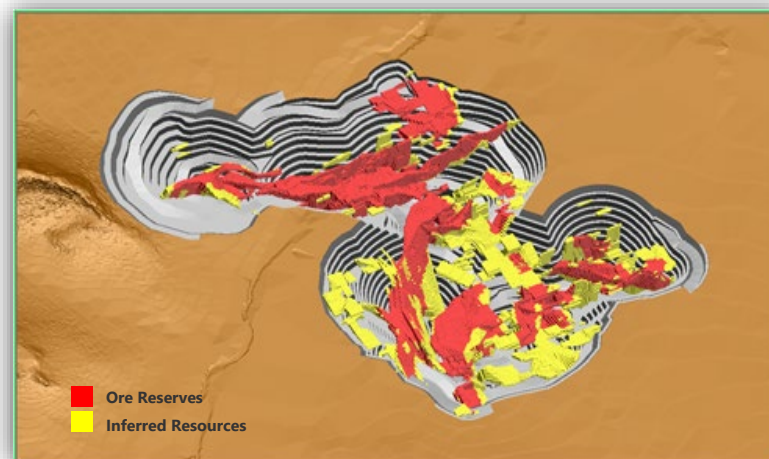
RESERVES	TONNES (m)	RARE EARTHS TREO %	PHOSPHATE P ₂ O ₅ %	NdPr ENRICHMENT %
Proved	5.0	3.0	13	26.2
Probable	24.6	2.8	13	26.5
TOTAL	29.5	2.9	13	26.4

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

Mineral Resources



Ore Reserves



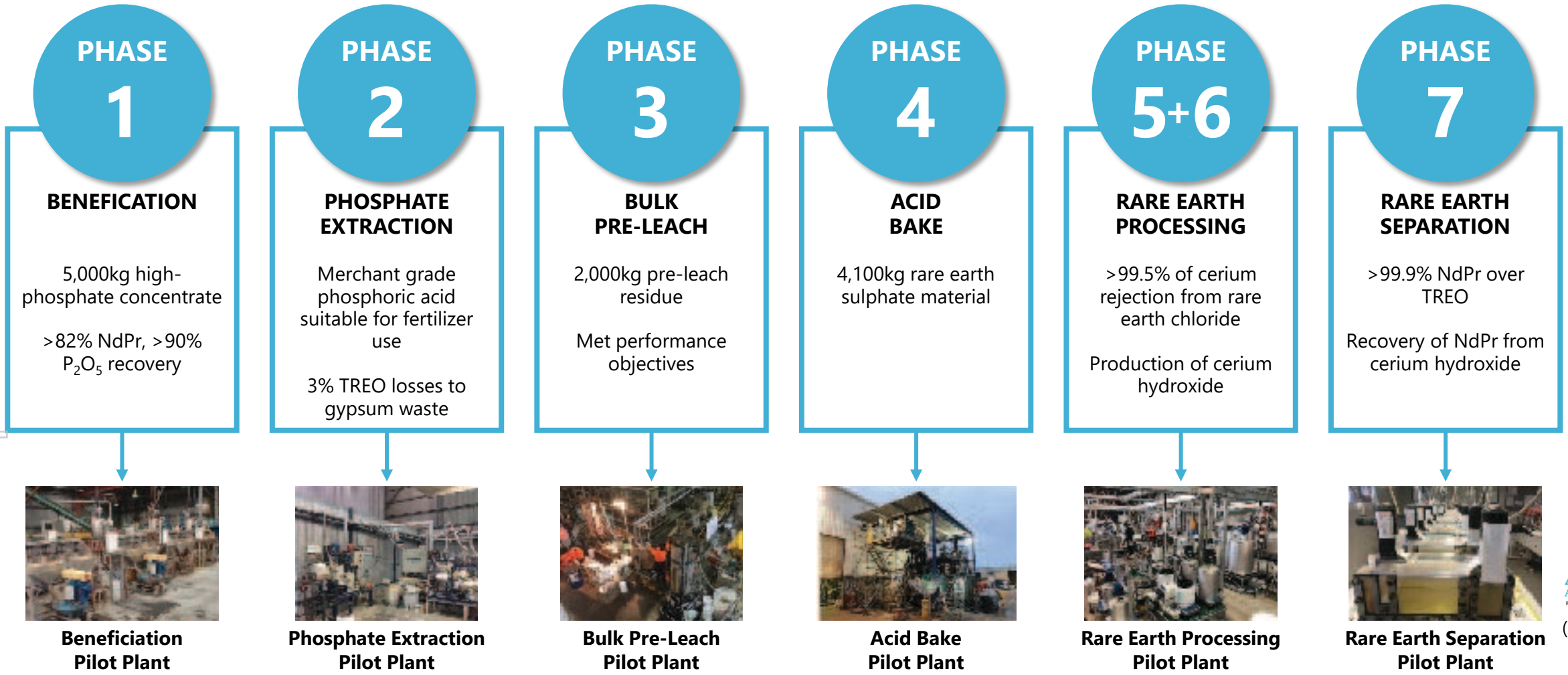
Geology

- ✓ World class strategic resource
- ✓ NdPr enriched
- ✓ Apatite hosted
- ✓ Discovered through airborne radiometrics
- ✓ 90km of drilling to develop 29 yrs of reserves and 38 yrs LOM
- ✓ Open at depth

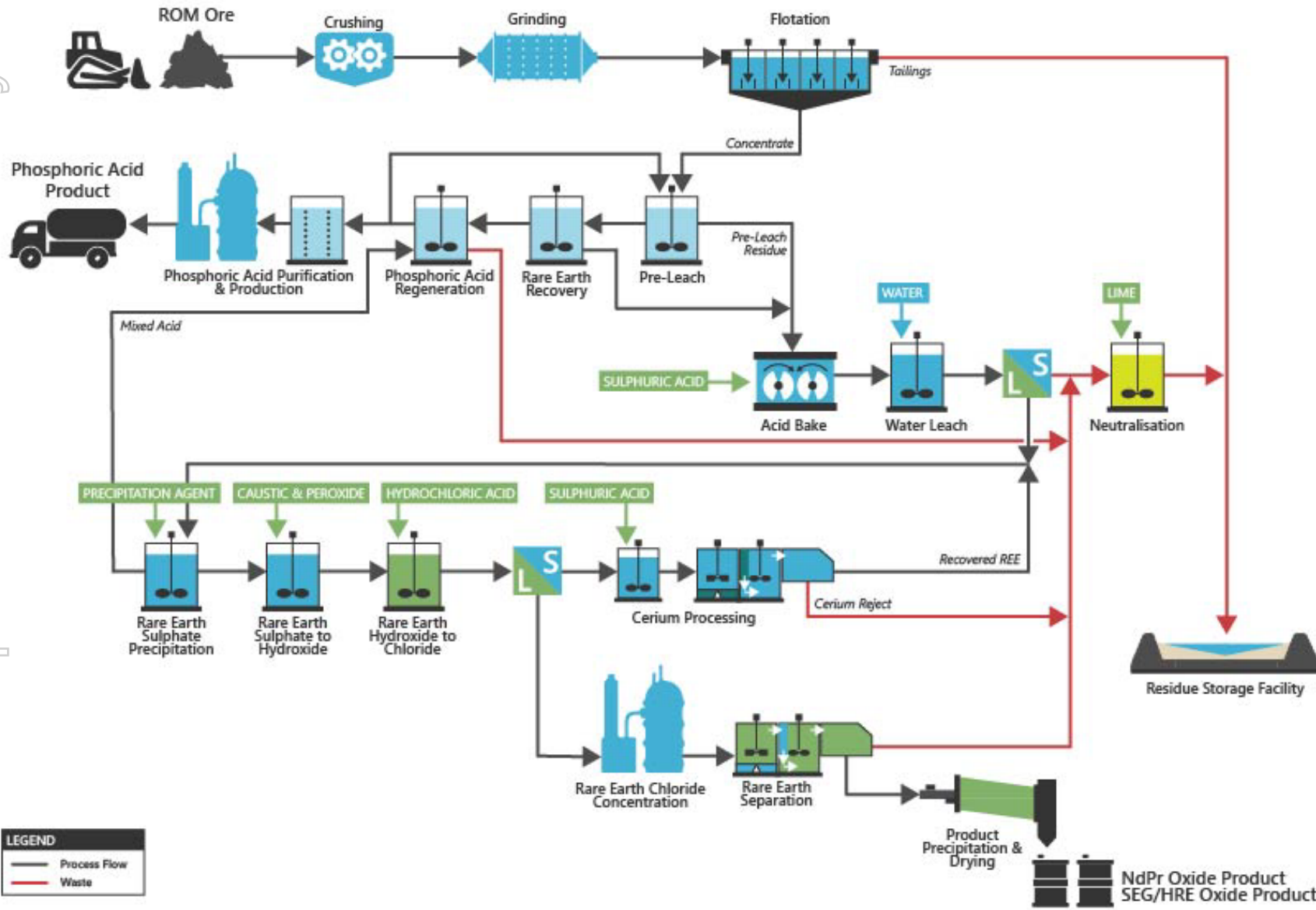
Technology Program Complete

For personal use only

Flowsheet Pilot



Process Flowsheet



For personal use only

Waste and Water

Approved End to end Management

Approved end to end waste management solution

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) for containment of waste residue processed at site

Progressive rehabilitation of RSF during Life of mine.



Arafura’s single site processing model provides traceable product and waste management systems which is aligned with customers’ ESG expectations.



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

Rendering of Nolans Project Residue Storage Facility (RSF).



Opportunities for Aboriginal Territorians

For personal use only

- ✓ Arafura will continue to consult with NT and Local governments, Indigenous organisations and the CLC to determine the capacity of the local labour market and businesses to meet the Nolans Project’s workforce and procurement needs.
- ✓ Indigenous Engagement Strategy developed to maximise opportunities and benefits for Anmatyerr traditional owners and other Aboriginal people in the project’s operational area.
- ✓ Native Title Agreement embodies commitments and aims to deliver many opportunities and benefits to local communities.



James Glenn (left) and Tony Scrutton (right) signing the Native Title Agreement.



Cultural Heritage Management Plan

Cultural and environmental practices to protect cultural sites



Indigenous Engagement Strategy

Local Indigenous employment and training opportunities



Aspirational local Aboriginal employment target of 20%

Offtake & Supply Chain

Sustainable producer of NdPr to align to "Green Procurement" strategy

Enables access to a sustainable NdPr feedstock where provenance is easily traceable.

Optionality of oxide or toll processed metal conversion

Provenance will also be important in US and European markets

