

11/01/2021

Stephanie Patchell
ASX Compliance Pty Ltd
Level 40, Central Park
152- 158 St George's Terrace
PERTH WA 6000

Dear Stephanie,

ARAFURA RESOURCES LIMITED (THE COMPANY) - RESPONSE TO ASX PRICE QUERY

We refer to your letter dated 11 January 2021 with respect to the ASX price query and respond as follows:

1. The Company is not aware of any information concerning it that has not been announced to the market, which, if known by some in the market, could be an explanation for recent trading in the securities of the Company.
2. Not applicable given the response to Question 1.
3. The Company is not aware of any other explanation for the recent trading in its securities. The Company continues to advance its offtake and project funding discussions in relation to its 100% owned Nolans NdPr Project in the Northern Territory with a view to positioning itself as a global supplier of NdPr oxide. The Nolan's project is the only ore to oxide Australian domiciled NdPr project that is "shovel ready" (as described in the Company's ASX announcement dated 9 December 2020 subject to offtake and project financing being secured). The Company's ongoing market sounding engagement has identified close alignment with the mandates of certain Export Credit Agencies (ECAs) regarding businesses relating to EV manufacturing and renewable energy as well as the world's increasing requirement to diversify its supply chain dependence for critical raw materials.
4. The Company confirms that it is complying with the Listing Rules and, in particular, Listing Rule 3.1.
5. The Company confirms that the responses above have been approved by a Company Secretary under the Company's published disclosure policy.

Kind regards,

Catherine Huynh
Company Secretary

Arafura Resources Limited | ABN: 22 080 933 455

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PO Box 5773, St Georges Terrace, Perth WA 6831

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11 January 2021

Reference: 29464

Ms Catherine Huynh
Company Secretary
Arafura Resources Limited

By email: chuynh@arultd.com

Dear Ms Huynh

Arafura Resources Limited ('ARU'): Price Query

ASX refers to the following:

- A. The change in the price of ARU's securities from a low of \$0.13 at the close of trade on 7 January 2021 to an intraday high of \$0.19 at the time of writing this letter today, 11 January 2021.
- B. The significant increase in the volume of ARU's securities traded over the above period.

Request for information

In light of this, ASX asks ARU to respond separately to each of the following questions and requests for information:

1. Is ARU aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is "yes".
 - (a) Is ARU relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? Please note that the recent trading in ARU's securities would suggest to ASX that such information may have ceased to be confidential and therefore ARU may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.
 - (b) Can an announcement be made immediately? Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).
 - (c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is "no", is there any other explanation that ARU may have for the recent trading in its securities?
4. Please confirm that ARU is complying with the Listing Rules and, in particular, Listing Rule 3.1.
5. Please confirm that ARU's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of ARU with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **2.15pm WST today, Monday, 11 January 2021**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it

does not fall within the exceptions mentioned in Listing Rule 3.1A, ARU's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require ARU to request a trading halt immediately.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in ARU's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in ARU's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to ARU's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that ARU's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Stephanie Patchell
Adviser, Listings Compliance (Perth)