

27/09/2021

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 AND VOLUME QUERY**

We refer to your letter dated 27 September 2021 with respect to the ASX price and volume 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. The Company is aware of a Bloomberg article titled "*Automakers Look to Hedge Against China Rare Earth Dominance*" dated 23 September 2021 (**Bloomberg Article**) that may be an explanation for recent trading in the securities of the Company. In relation to the Bloomberg Article, while the Company regularly engages with European manufactures to discuss offtake and supply, no formal or binding agreements have been entered into and negotiations are incomplete. The Company is also aware of an article in the Australian Financial Review titled "*Quad critical minerals strategy will take 'years to catch up with China'*" dated 26 September 2021 that may have generated interest in the Company's securities. Australia has been identified by the Quad as an essential source of critical materials and Arafura's Nolans Project may play an important part in the solution. The Australian Government has indicated its support for the project through the provision of 2 conditional non-binding letters of support through two key Australian Government agencies for a total of \$300m in potential 15-year debt funding (refer ASX announcements dated 7 May 2021 and 18 June 2021). One key condition is the successful execution of offtake agreements. The Company, at this stage, has no certainty as to the timing and likelihood of negotiations with potential customers successfully concluding or binding agreements being entered into and details of any binding arrangements will be announced to ASX if (and when) formal agreements have been executed.
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 Nolans project is the only ore to oxide Australian domiciled NdPr project

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NdPr

that is "shovel ready" (as described in the Company's ASX announcement dated 9 September 2021 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 under the Company's published disclosure policy.

Kind regards,

**Catherine Huynh**  
**Company Secretary**



27 September 2021

Reference: 40150

Ms Catherine Huynh  
Company Secretary  
Arafura Resources Limited

By email: [chuynh@arultd.com](mailto:chuynh@arultd.com)

Dear Ms Huynh

### **Arafura Resources Limited ('ARU'): Price and Volume Query**

ASX refers to the following:

- A. The change in the price of ARU's securities from a low of \$0.14 on 22 September 2021 to an intraday high of \$0.245 at the time of writing this letter today, 27 September 2021.
- B. The significant increase in the volume of ARU's securities traded from 22 September 2021 to 27 September 2021.

### **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 **11.00am WST today, Monday, 27 September 2021**. You should note that if the

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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.

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Yours sincerely

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**Stephanie Patchell**  
Adviser, Listings Compliance (Perth)