

ASX ANNOUNCEMENT

ARAFURA SIGNS NDPR PRODUCT SALE AGREEMENT WITH TRAXYS EUROPE SA



20 March 2025

Arafura Rare Earths Limited (ASX: ARU) (Arafura or the Company) announces the signing of a binding offtake agreement (the Agreement) with Traxys Europe SA (Traxys) for the sale of NdPr Oxide (NdPr) from the Nolans Project (Nolans) with an annual contract volume 100 tonnes per annum (tpa) over five years, with further volume of 200 tpa at the option of Arafura (maximum of 300 tpa).

HIGHLIGHTS

- Arafura enters into a binding offtake agreement with Traxys Europe SA to supply a minimum of 100 tpa of NdPr oxide up to a maximum of 300 tpa of NdPr oxide over a five-year term from the Nolans Project
- The minimum/maximum annual contract volume option is at Arafura's election and enables effective management of annual contract supply commitments and the variability in product delivery schedules
- NdPr from Nolans will be marketed by Traxys to build global supply chain diversification and resilience for rare earths
- The Agreement is binding subject to conditions precedent being satisfied by no later than 31 December 2028
- Conditions include completion of construction and development of the Nolans Project, commencement of commercial production, and ramp-up

The Agreement contributes to Arafura achieving its Binding Offtake Target of 80 percent of name plate capacity of 4,440 tpa¹ of NdPr oxide from Nolans. The Traxys offtake volume represents up to eight percent of the Binding Offtake Target.

The Agreement with Traxys is to supply a minimum of 100 tpa of NdPr oxide and at Arafura's option up to a maximum of 300 tpa of NdPr oxide. The option to place additional NdPr volume will enable the Company to effectively manage its annual contract supply commitments and the variability in product delivery schedules from its OEM and component manufacturing offtake customers.

Traxys is a global company headquartered in Luxembourg that specialises in marketing metals and minerals and has a long history of involvement in the rare earths sector.

The Agreement is structured to support the interests of both companies in marketing product from Nolans to create global diversification and build supply chain resilience for rare earths. Traxys provides a channel to place Arafura product with participants in the magnet supply chain who may otherwise be unable to commit to long-term offtake commitments or may not be considered as a bankable offtake partner by Arafura's lenders for the purposes of project financing.

Strategic alignment with Traxys, a specialist global trading and marketing group, is critical to providing flexibility to Arafura's long term marketing strategy. The agreement also complements Arafura's offtake strategy, which has targeted original equipment manufacturers (OEM) from geographic regions with supportive Export Credit Agencies.

The Company continues to receive strong interest from a range of parties that are aligned with its offtake and investment strategy.

¹ Refer ASX Announcement dated 11 November 2022

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Other key terms of the Agreement are set out below:

- Pricing in US\$ per kilogram is contractual but broadly determined referencing the NdPr Ex Works China Price.
- Five-year term with Arafura electing an annual volume amount between 100 and 300 tpa, the first two years during production ramp-up the volumes are calculated on a pro rata basis.
- The Agreement is binding subject to conditions precedent being satisfied by no later than 31 December 2028.
- Conditions precedent include completion of construction and development of Nolans and commencement of commercial production.
- NdPr meeting specification with total rare earths oxide (TREO) weight percent (wt%) $\geq 99.0\%$.

Arafura has a strategy to secure 80 percent of its planned production under binding offtake, 34% of the target volume remains under negotiation with a range of multi-national companies (see Table 1).

Table 1 – Offtake Overview

Offtake Discussion Group	Location	NdPr Oxide (tpa) ⁽¹⁾	% of Binding Offtake Target ⁽³⁾
Secured Offtake (Binding Agreement)			
Hyundai & Kia	Korea	1,500	43%
Siemens Gamesa RE	Germany	520	15%
Traxys Europe S.A.	Luxembourg	300	8%
Total			66%
Offtake Under Discussion ⁽²⁾			
Contract negotiations	Asia & Europe	1,625	46%
Advanced offtake discussions	Europe & US	2,815	79%
TOTAL		6,760	191%

(1) Product may be supplied as NdPr Oxide or Metal equivalent.

(2) The Company, at this stage, has no certainty as to the timing and likelihood of successfully concluding binding offtake agreements.

(3) Planned Production refers to the average annual production from Nolans, being 4,440 tpa of NdPr oxide (refer ASX Announcement dated 11 November 2022).

Arafura's Managing Director Darryl Cuzzubbo said:

“This agreement with Traxys moves us closer to achieving our offtake target of 80 percent. With only 34 percent of the product from Nolans remaining to be marketed our ongoing negotiations means we are well-positioned to reach this target.

This arrangement complements our global supply chain diversification strategy and highlights the desirability of securing product from a Tier 1 jurisdiction like Australia and a project like Nolans with globally recognised ESG credentials.”

“We are pleased to enter into this offtake agreement with Arafura as we continue to diversify our supply sources of rare earths. The Nolans deposit is an attractive Western source of NdPr and we are looking forward to this exciting opportunity”, said Gregoire de Beco, Vice President Noble Alloys and Rare Earths at Traxys.

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About Traxys

Traxys is a physical commodity trader and merchant in the metals and natural resources sectors. Its logistics, marketing, distribution, supply chain management, and trading activities are conducted by over 450 employees in over 20 offices worldwide, and its annual turnover is in excess of USD 10 billion. Headquartered in Luxembourg, Traxys is engaged in sourcing, trading, marketing, and distributing non-ferrous metals, ferro-alloys, minerals, industrial raw materials, and energy. The Group serves a broad base of industrial customers and offers a full range of commercial and financial services. Traxys is committed to the highest internationally recognized principles for responsible business conduct, and to ensuring that its operations are equitable, sustainable, and transparent. Traxys premises its practices on environmental, social, and governance (ESG) standards that enable Traxys to set a leading example for the responsible sourcing and trading of metals and minerals. To learn more about Traxys, go to: www.traxys.com.

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