

ASX ANNOUNCEMENT

DEVELOPING NORTHERN AUSTRALIA CONFERENCE PRESENTATION

7 July 2022



Arafura Resources Limited (ASX:ARU) ("Arafura" or the "Company") is pleased to attach a copy of its presentation for the Developing Northern Australia Conference in Mackay, Queensland held over 6 – 8 July 2022. Gavin Lockyer, Managing Director, presented on the topic "Meeting Global Demand for Critical Minerals".

The Conference gives Northern Australians and their supporters from across the nation and the world the opportunity to come together to celebrate progress and to refine strategic efforts. It creates national momentum for achieving better economic, social and environmental outcomes for the north and its people.

-ENDS-

For further information contact:

Gavin Lockyer
Managing Director
+61 8 6370 2800

Authorised by:

Catherine Huynh
Company Secretary

Media Enquiries:

Anthony Hasluck
Clarity Communications
+61 438 522 194



"Our goal 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."

Meeting Global Demand for Critical Minerals

Developing Northern Australia
July 2022 – Mackay QLD





Disclaimer

This presentation has been prepared by Arafura Resources Limited (Arafura, Arafura Resources 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 Resources' 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 Resources 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 Resources 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 Resources 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 Resources, 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 Resources.

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 Resources 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 Resources 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

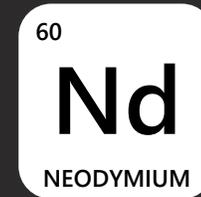
The information in this presentation that relates to production targets and financial information is extracted from the Company's ASX announcement dated 11 May 2021 (Nolans Project Update). The production target is based on 12% Proved Reserves, 62% Probable Reserves and 26% inferred resources as reported 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 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.

[Click here for video](#)

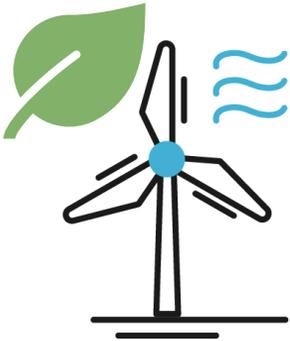
Nolans Project

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

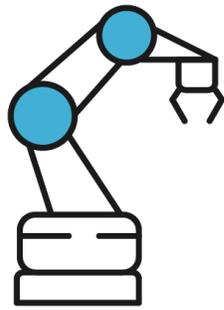
The Nolans Project contains all the natural Rare Earths but is particularly enriched in the 'Magnet Feed' Rare Earths NdPr



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



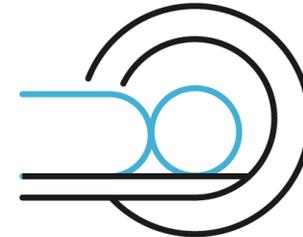
WIND
TURBINES



ROBOTS



ELECTRIC
VEHICLES



MRI
MACHINES

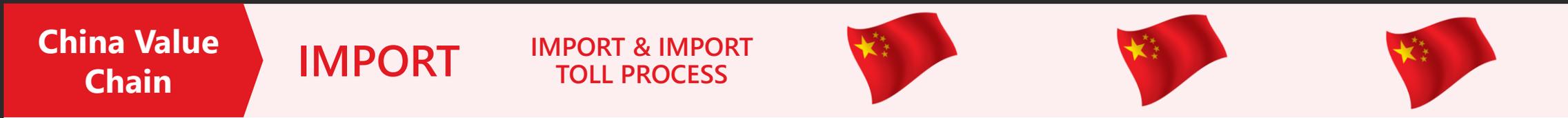


PHONES &
TABLETS

NdPr Market



Strategic Importance of Nolans to Global supply



1

2

3

4

5

China currently exerts control over most of the global rare earth supply chain. Projects not producing Oxide risk falling into the *Made in China 2025* supply chain.

Arafura plans to produce Oxide in Australia to provide **supply security that will meet sustainability objectives.**

Nolans offtake strategy focused on parties **not aligned with the *Made in China 2025* strategy.**

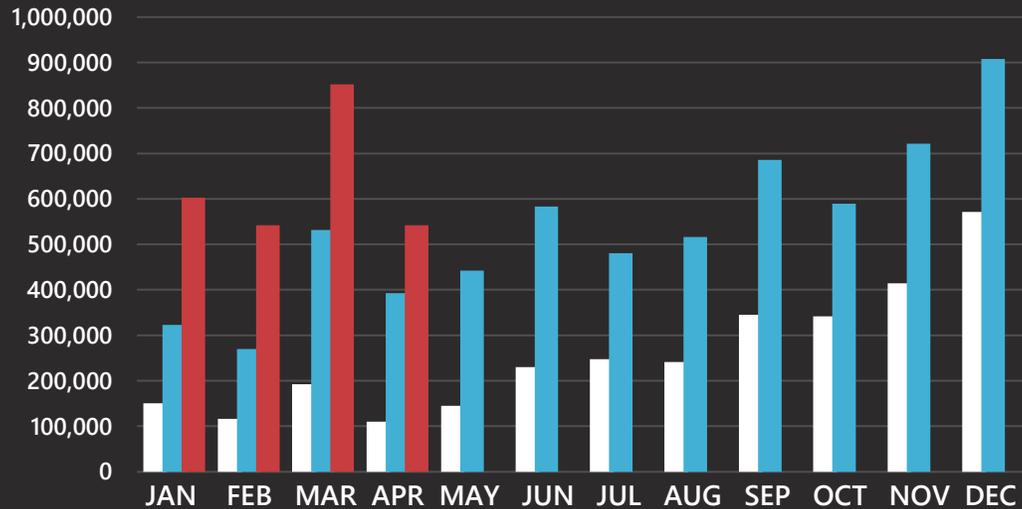
Governments around the world are seeking to partner in opportunities to **diversify the supply chain to prevent disruption.**

Nolans **ore to oxide business model** allows Critical Raw Materials (CRM) supply diversification



Global EV Sales (BEV+PHEV)

EV sales increased from 3.2 million in 2020 to 6.4 million in 2021 with 2022 showing even more growth.

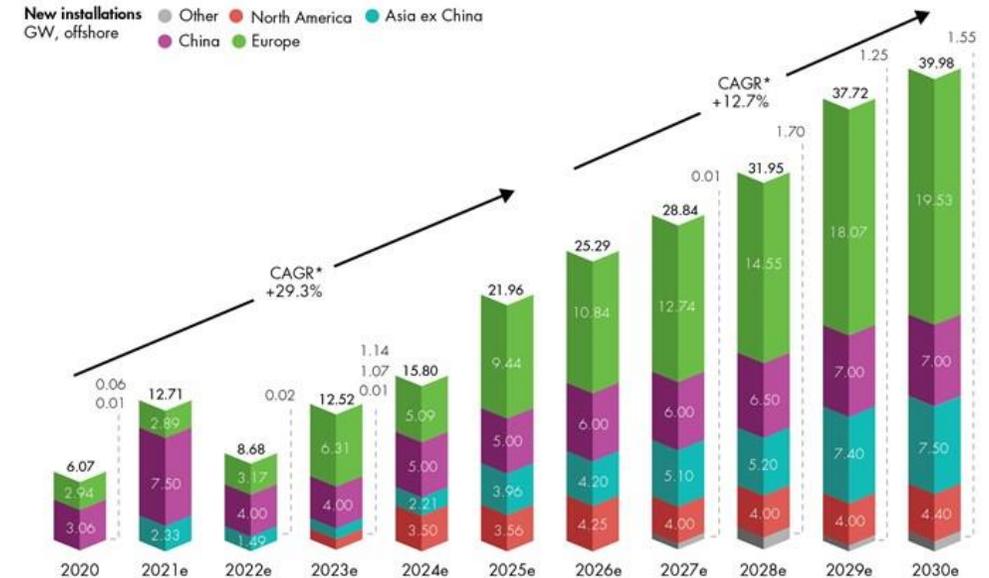


■ 2020 ■ 2021 ■ 2022

Source: EV Volumes, Inside EV

International Energy Agency (IEA) estimates EV market growth will require **6-15 times more rare earths elements** over the next 20 years.

Global Offshore Wind Installations (Forecast)



*CAGR = Compound Annual Growth Rate
Source: GWEC Market Intelligence, July 2021

New European commission targets require **20-fold increase in offshore wind from 16 - 300 GW.**

Wind Turbine and EV Markets competing for NdPr

NdPr Supply Gap

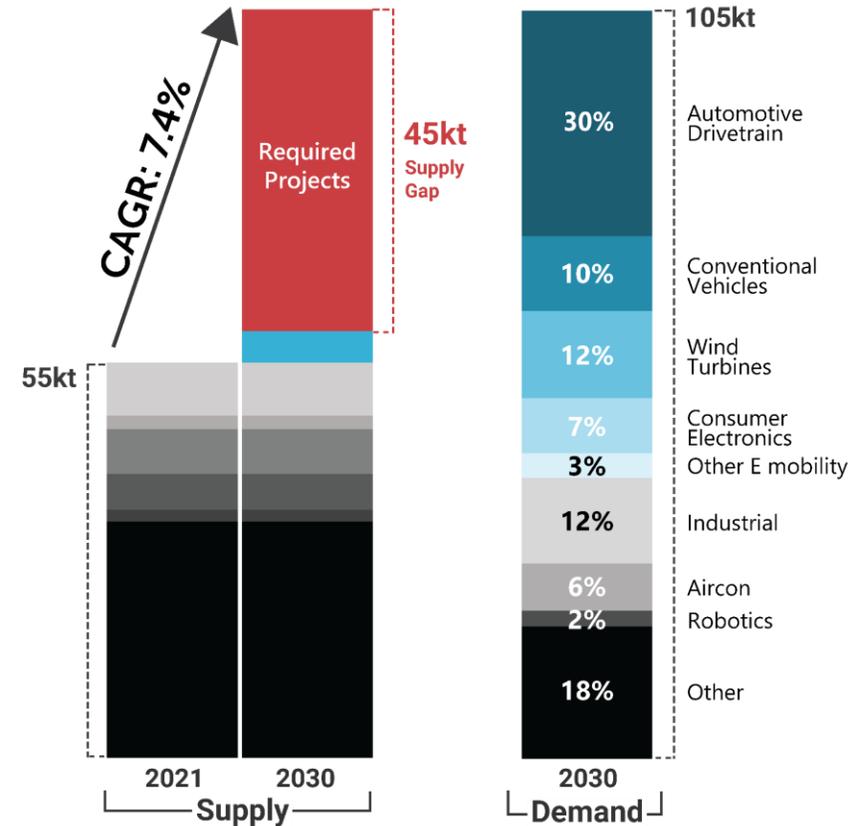
- ✓ China has been dominant supplier but requires NdPr to support its own China 2025 strategy
- ✓ New supply lagging behind demand growth and only a handful of NdPr projects will be in production in the next 5 years
- ✓ Demand driven by E-mobility & renewable energy initiatives
- ✓ Nolans enables access to a sustainable NdPr feedstock where provenance is easily traceable
- ✓ Nolans offers a secure NdPr supply ex-China during a decade of growing resource scarcity, bottle-necks and geopolitical tension

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



Investment in new projects is required to meet demand requirements

NdPr Supply & Demand



Cumulative Annual Growth Rate (CAGR)



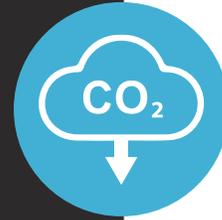
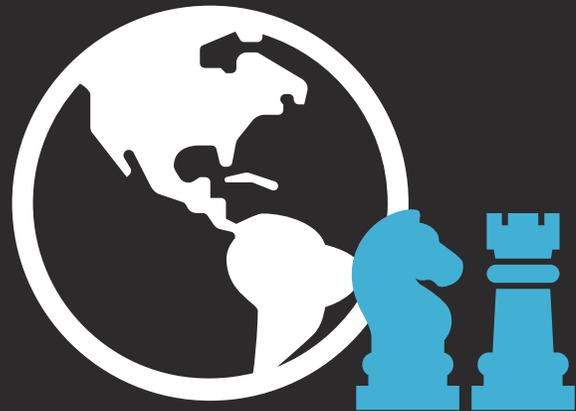
(ASX:ARU)

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.

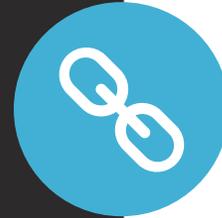


Critical Materials & Project Funding

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.
Currently in discussions with 10 parties for >300% of remaining Planned Production¹ with a view to secure 85% as binding offtake



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



Original Equipment Manufacturers (OEM) looking to engage upstream to secure raw materials and supply chain risks can be mitigated via a partner approach.
1/3 planned production under non-binding MOU with Hyundai motor corporation

¹ Planned Production refers to the average annual production from Nolans of 4,440 tpa (Refer ASX Announcement dated 11 May 2021).

Australia's Critical Minerals Strategy

- ✓ Aligned with key trading partners
- ✓ Advanced manufacturing in Australia
- ✓ Nolans granted Major Project Status: Formal recognition of the national strategic significance of the Project through its economic and employment contribution to the Northern Territory.

Government Support so far:

Flagship Project: Strong Support



Australian Government
Department of Industry, Science,
Energy and Resources

CMFO

Critical Minerals Strategy implemented by the **Critical Minerals Facilitation Office (CMFO)** which supports the development of resources, downstream processing and global supply chains.

Letter of Support \$200m



Australian Government
Department of Industry, Science,
Energy and Resources

EFA

Critical Minerals Facility of \$2Billion managed by **Export Finance Australia (EFA)** 10-year program or until finance equivalent to \$2 billion provided.

Letter of Support \$100m



Australian Government
Department of Industry, Science,
Energy and Resources

NAIF

The Northern Australia Infrastructure Facility (NAIF) offers up to \$5 billion over 5 years in finance to encourage and complement private sector investment in infrastructure that benefits Northern Australia.

Awarded \$30m



Australian Government
Department of Industry, Science,
Energy and Resources

MMI

Modern Manufacturing Initiative (MMI) dispending \$1.3B in grants to build scale in manufacturing and supply chain opportunities
Priorities in critical mineral processing and clean energy



(ASX:ARU)

Targeted Funding Structure

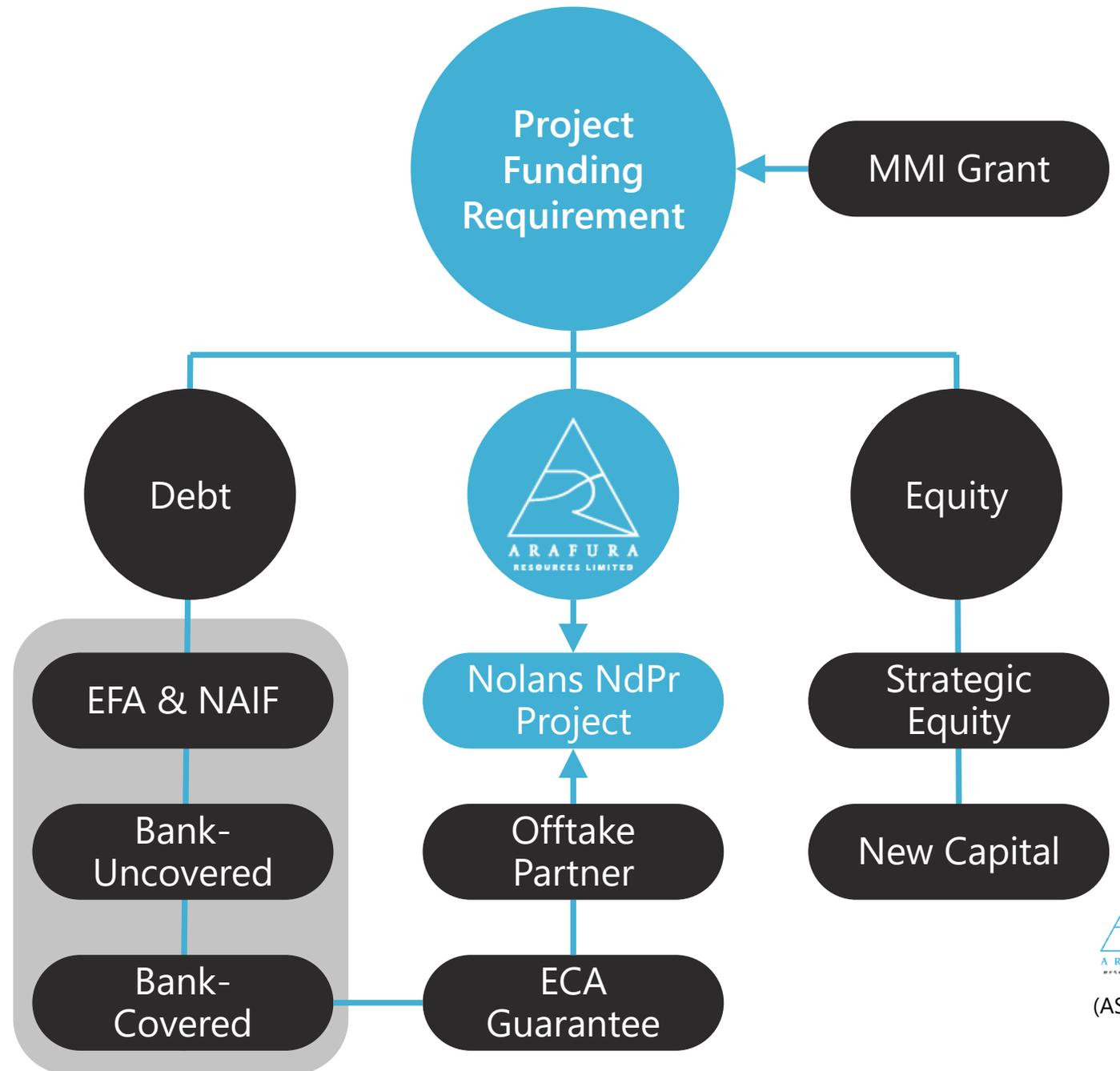
Bringing it all together

Debt

- ✓ NAIF & EFA will support A\$300m of debt subject to further DD and credit approval.
- ✓ Targeting untied ECA funding linked with offtake.
- ✓ SocGen & NAB appointed as mandated lead arrangers for balance of debt.

Equity

- ✓ \$30m MMI Grant reduces Equity component.
- ✓ Strategic Equity considered by potential offtake partners.



Project Overview & National Benefits



To date, Arafura has:

\$3.5m water exploration to ensure sustainability.



Water drilling at Nolans Site

New aquifer allowed permanent water to be available to Alyuen community.



Employing local contractors for ongoing water monitoring

In excess of \$50m of on ground exploration with royalties



Laundry at Alyuen

Indigenous engagement



Karen Sheldon Workshop

Local sponsorship - Young Indigenous Art & Literacy Program



Example of artworks (Laramba & Ti Tree Remote Schools)



Arafura not only has an approved **Territory Benefits Plan**, but have also undertaken **extensive social studies**, developed a **Cultural Heritage Management Plan**, have an **Indigenous Engagement Strategy** and continue to work closely with the community and Territorians to ensure our initiatives are fit for purpose.



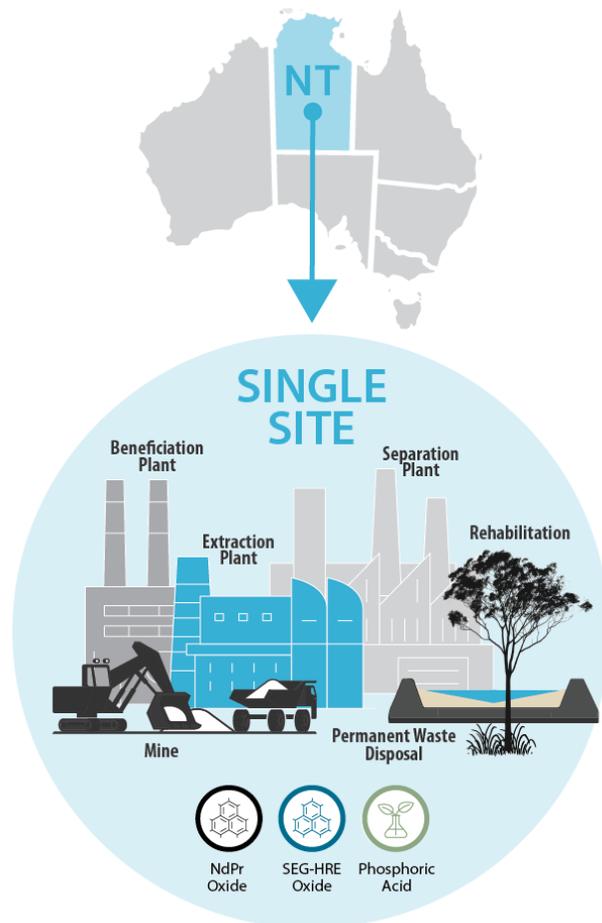
(ASX:ARU)

Project Facts

Advanced manufacturing onsite

– Ore to oxide at a single site –

First of its kind in Australia



Nolans aims to supply ~**5% of global demand** for NdPr oxide



26-month construction period¹
Production end 2024



Minimum 38-year operational life with expansion potential – open at depth



Regulatory



Security of Tenure & Social License to Operate



Technical

¹ ASX Announcement 11 May 2021

Leveraging Off Existing Infrastructure to Develop the Region

- ✓ Stuart Highway 10 km 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



Job Creation During Construction & Operations



Territory Benefit Plan approved meaning:

- Local business involvement & support
- Employing Territorians
- Sponsorship in education and community projects



26-month construction period

- \$1 billion initial capital spend
- Peak workforce of 620*



Minimum 38-year operational life

- \$225 million annual spend
- 280* direct permanent jobs across the Territory
- Intergenerational change



Local Content

- Targeting locals as a priority
- 20% Indigenous Employment Target
- Extensive social studies

* 25% initially expected to be sourced from the NT

ESG Leadership



Key Pillars

 Supply Chain Integrity

 Emissions

 Waste and Water

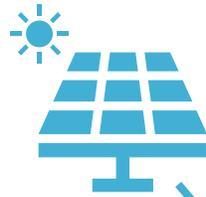
 Indigenous Engagement



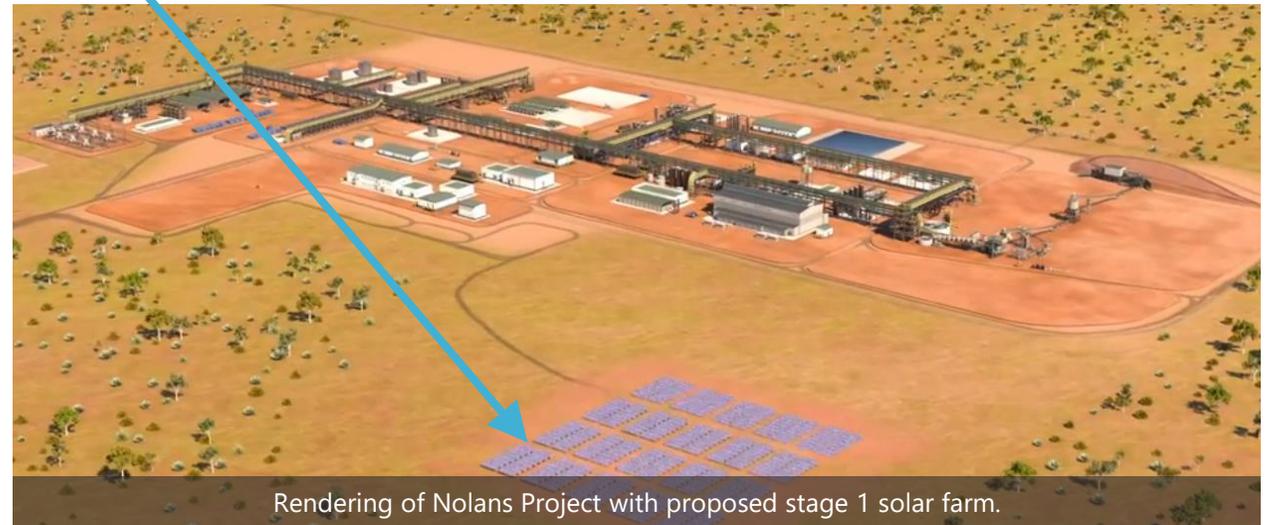
*"Arafura's ESG commitment is to be a trusted global leader and **supplier of choice** for **sustainably mined and processed rare earth products**, helping our customers deliver clean and efficient technologies. We are committed to delivering positive intergenerational economic, environmental and social benefits to our stakeholders."*

21/10/2021

Committed to Net Zero 2050



Stage 1 solar farm with potential to generate 1 megawatt (MW) of power per hectare.



Rendering of Nolans Project with proposed stage 1 solar farm.



(ASX:ARU)

Nolans Key Development Milestones

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

1. FID and First Production are both subject to outcomes with offtake and financing.

2. Conditional letters of support are non-binding and conditional upon internal credit approval, negotiation of lender agreements and further due diligence enquiries (among other conditions).





Contact Information



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



(ASX:ARU)