

ASX ANNOUNCEMENT

APPOINTMENT OF INDEPENDENT POWER PROVIDER

31 July 2023

- **APA Group appointed preferred Independent Power Provider for Nolans Project and awarded early works contract for proposed high efficiency cogeneration plant.**
- **APA Group will work closely with General Electric Company, the selected technology partner, to deliver power and steam for Nolans.**
- **Cogeneration solution aligned to Arafura's Greenhouse Gas Emissions Reduction Pathway for Nolans to achieve 2050 Net Zero emissions commitment.**

Arafura Rare Earths Limited (ASX: ARU) (Arafura or the Company) is pleased to announce that it has entered into an early works agreement with APA Group (**APA**) for a proposed high efficiency cogeneration plant to supply energy to the Nolans Project (**Nolans or the Project**).

Under the early works agreement, APA will undertake engineering design and project development planning for the proposed plant, which would include aeroderivative gas turbine generators to supply electricity and waste heat recovery systems to supply steam for use in the process plant. The agreement follows a formal competitive tender process through which APA was selected as Arafura's preferred Independent Power Provider (**IPP**).

In January 2023 Arafura released its greenhouse gas emissions reduction pathway for Nolans, outlining how it intends to meet its 2050 Net Zero commitment (refer to ASX Announcement dated 31 January 2023). The pathway details an initial cogeneration solution incorporating electrical power and thermal power for steam generation, to be complemented by solar and wind generation and battery storage targeting 50% of total Project power by 2030. A subsequent transition to concentrated solar thermal generation with thermal energy storage for steam generation would commence in 2030, with transition to renewable fuels for firming power commencing in 2040.

The chosen pathway is based on the Company's current understanding of the Project energy requirements, forecast costs of emissions reduction options and assumptions on the maturity and pace of development of emissions reductions technologies. Arafura anticipates that the pathway will evolve as the Project definition increases and emissions reduction technologies are identified, matured or reduce in cost.

General Electric Company (**GE**) will provide cogeneration power plant technology to APA as Nolans' IPP, and support the power and heat requirements of the project's processing facility. The proposed GE technology solution provides for a reduction in gas usage and emissions of approximately 29%ⁱ over the use of conventional generation for power and steam. Contract negotiations between GE and APA are ongoing.

Commenting on the award of the early works contract, General Manager Projects Stewart Watkins said: *"Working with partners of the quality of APA for critical infrastructure such as the power station is an important step towards*



"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."

31 July 2023 | **ASX Announcement**

APPOINTMENT OF INDEPENDENT POWER PROVIDER

the successful development of Nolans. Kicking off this early works contract will optimise the power and steam generation solution and progress the engineering in advance of procurement of key equipment. With the close alignment of our commitments to sustainability we look forward to a long relationship with APA."

Early works will commence immediately and are expected to be completed by early 2024. The design and construction of the proposed cogeneration plant and a related long-term power purchase agreement remain subject to further negotiations and approvals between Arafura and APA.

-ENDS-

Company Enquiries:

Telephone: +61 8 6370 2800
Email: arafura@arultd.com

Media Enquiries:

Amy Pepper
Head of Corporate Affairs
+61 405 031 844

Authorised by:

Catherine Huynh
Company Secretary

ⁱ Estimate developed by Arafura based in part on information provided by GE for efficiencies and emissions from a cogeneration solution when compared to reciprocating gas engines and package steam boilers.