

Annual General Meeting

20 October 2022



20/10/2022





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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.

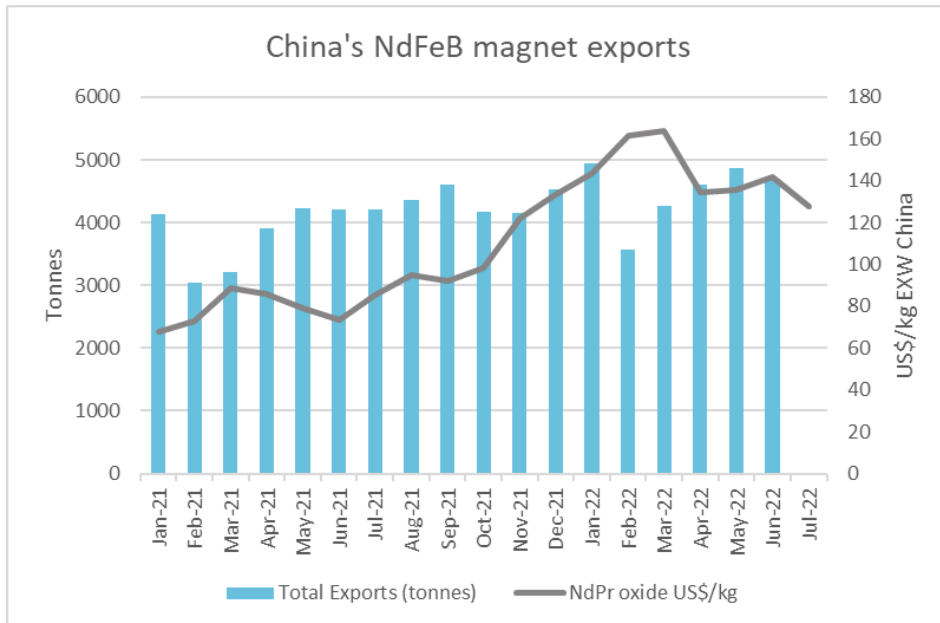
Production Targets and Forecast Financial Information

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.

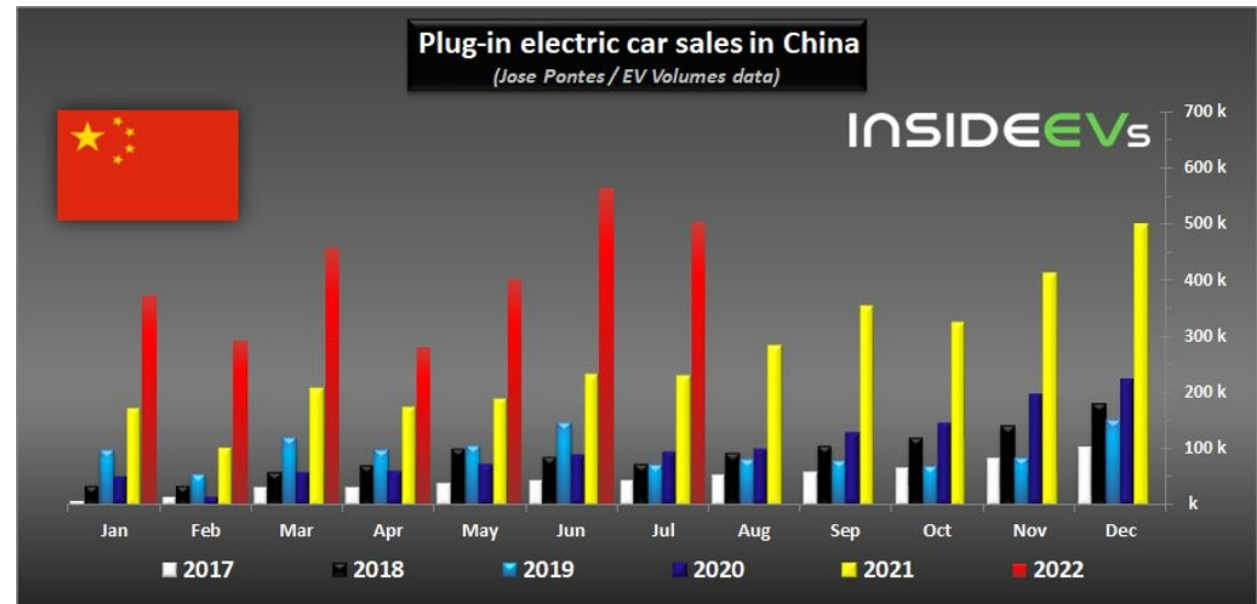
NdPr Market Update

China NdFeB Exports & China EV Sales

- ➔ China NdFeB magnet exports performed strong in the quarter through to June 2022.
- ➔ China EV sales continued the trend of quarter-on-quarter growth to June 2022.
- ➔ In the 12- month period NdPr oxide prices performed well peaking at a monthly average of US\$164 in March but then falling to a monthly average of US\$128 in July, this downward trend has continued.



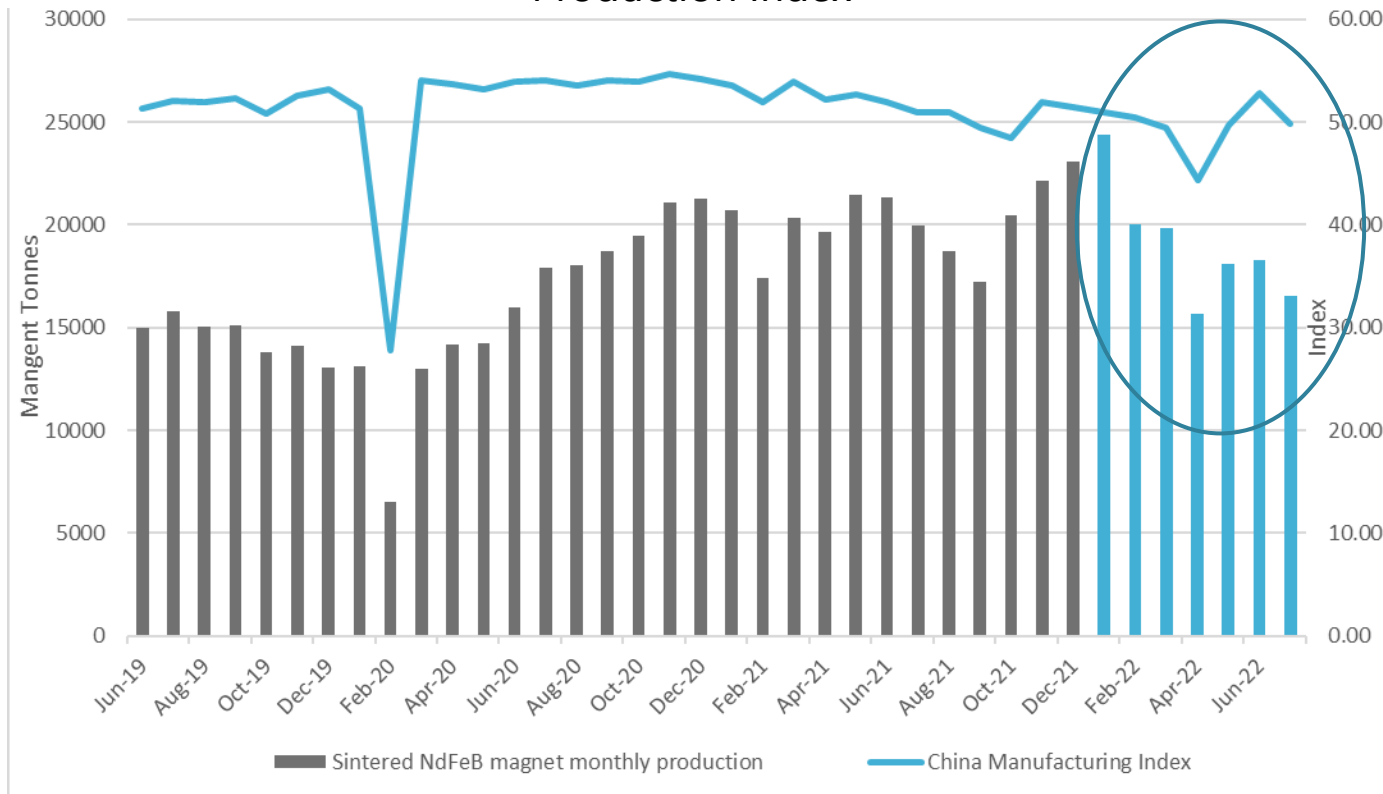
Source: Baiinfo



Source: www.insideevs.com

NdFeB Magnet Output & China Manufacturing Index

Sintered NdFeB Magnet Production and China Manufacturing Production Index



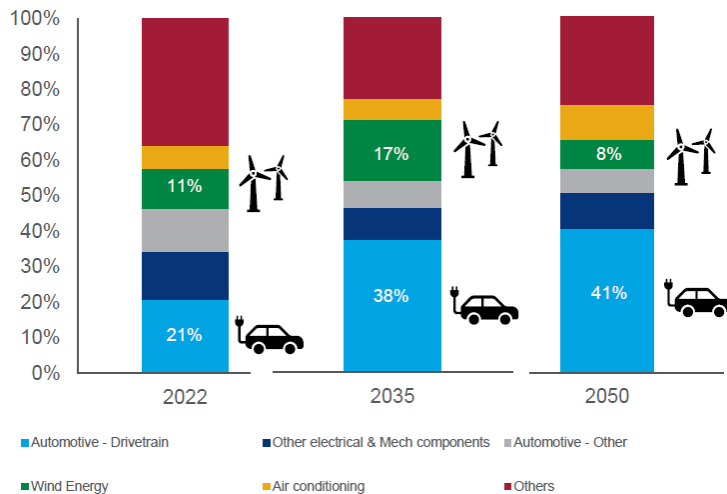
Source: Baiinfo

- ➔ EV demand was strong, exports were stable, but NdFeB magnet production tapered 1H CY2022
- ➔ NdPr price impacted by softer China domestic magnet demand and decreased manufacturing
 - Complete lockdown in April
 - July and August were impacted by power cuts
- ➔ Appears demand for some China domestic applications impacted magnet demand/ production and NdPr prices:
 - Wind orders have reduced off the high 2021 volumes
 - Weaker property sector a drag for air conditioner, home appliances and demand for electronic devices

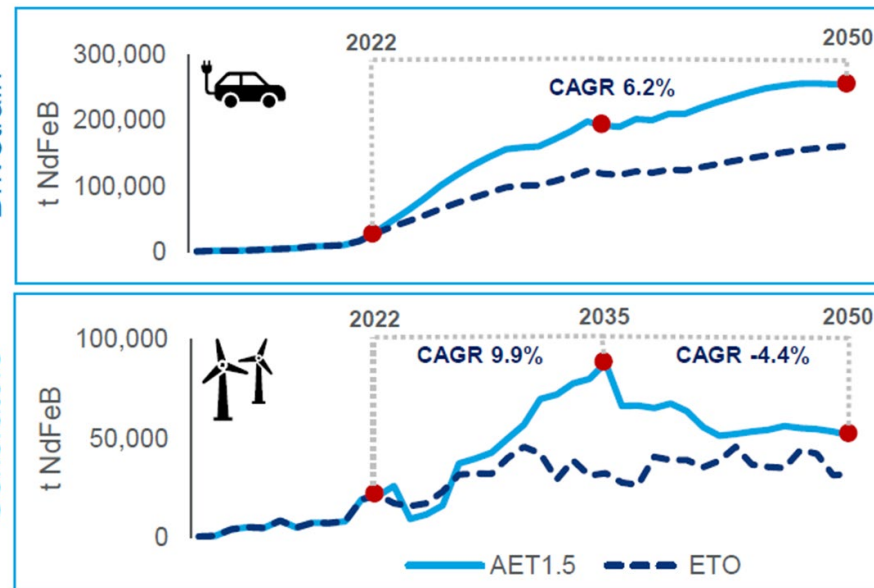
NdPr for Magnets Critical Component in Clean Energy Sector

- Wood Mackenzie forecast an Accelerated Energy Transition (AET) 1.5 °C scenario (Global net zero by 2050) requires significant and prolonged ramping-up of RE production
- Security of supply will be challenged, sustained higher NdPr prices will be required to stimulate the development pipeline
- Drivetrain automotive and wind energy to represent 55% of magnet demand in 2035

NdFeB magnet demand by major end-use (AET1.5)



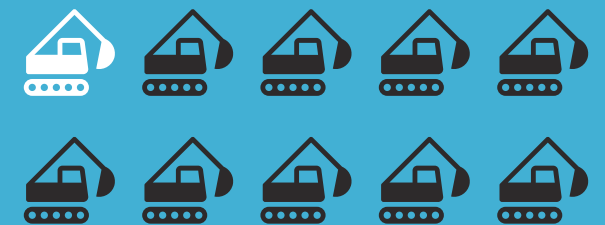
Automotive - Drivetrain
Wind Energy - Generators



ETO = Energy Transition Outlook (Base Case)

AET1.5 = Accelerated Energy Transition 1.5°C (Scenario)

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



Project Execution

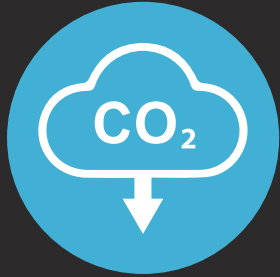


[Click here for video](#)

Project Update

- ✓ Global supply chain issues impacting both equipment pricing and delivery times
- ✓ Hydromet engineering – pushing for full “scope lock” by the end of the year
- ✓ All other areas (SAP, Bene, NPI) being tendered to be ready to go following FID
- ✓ Hydromet construction tendering – comprehensive cost submissions received from 2 parties currently under review

Funding Strategy Leverages Global Focus on Critical Material Supply Chains



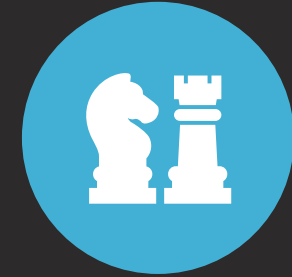
Most countries targeting **low carbon transport and renewable energy to achieve net-zero emissions.**

Increased focus on the need for diversified and robust critical material value chains.



Arafura has secured conditional letters of support¹ for senior debt facilities:

- Export Finance Australia (**EFA**) for a 15-year facility for **\$200m.**
- Northern Australia Infrastructure Facility (**NAIF**) for a 15- year facility for **\$100m.**



Targeting Export Credit Agency's (ECAs) that will provide debt and debt guarantees for **well structured projects that supply critical materials for the manufacture of EVs and renewable technologies.**

Original Equipment Manufacturers (OEMs) looking to **engage upstream to secure raw materials.** Offtake discussion has expanded to include strategic investment²



(ASX:ARU)

¹Conditional letters of support are non-binding and conditional upon internal credit approval, negotiation of lender agreements and further due diligence enquiries (among other conditions).

²The Company at this stage, has no certainty as to the timing and likelihood of negotiations with potential strategic equity partners successfully concluding or binding agreements being entered. Details of any binding arrangements will be announced to the ASX if (and when) formal agreements have been executed.

Offtake



Strong interest in our product.

Draft Offtakes or negotiation of key terms with more than **10 parties** for **>260% of Planned Production¹** with a view to **secure 85% as binding offtake**

**Outstanding effort
to secure world class
OEM's**

MoU's signed:



**Hyundai Motor
Corporation**

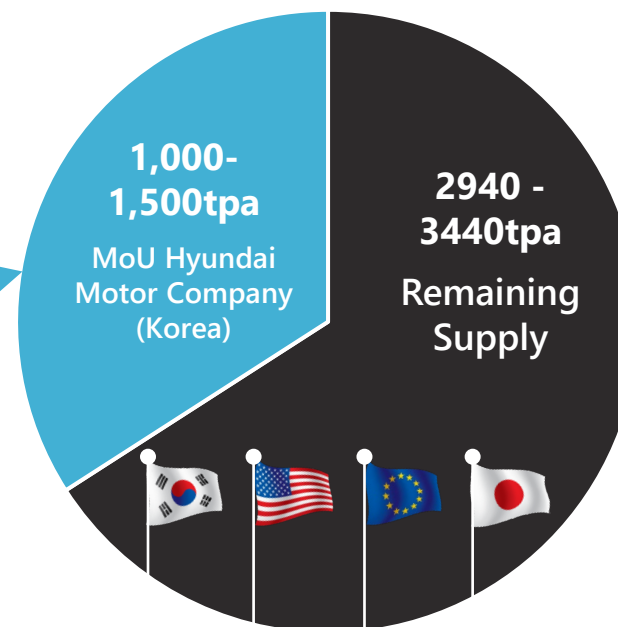


**GE Renewable
Energy**

1/3 Planned Production¹ under MoU with Hyundai

Foundation Customer

Non binding MoU with
Hyundai for 1,000tpa
NdPr oxide with ability
to secure additional
500 tonnes



Arafura's NdPr
Oxide Planned
Production
4,440tpa

Targeting NdPr users not aligned with *Made in China 2025* strategy

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

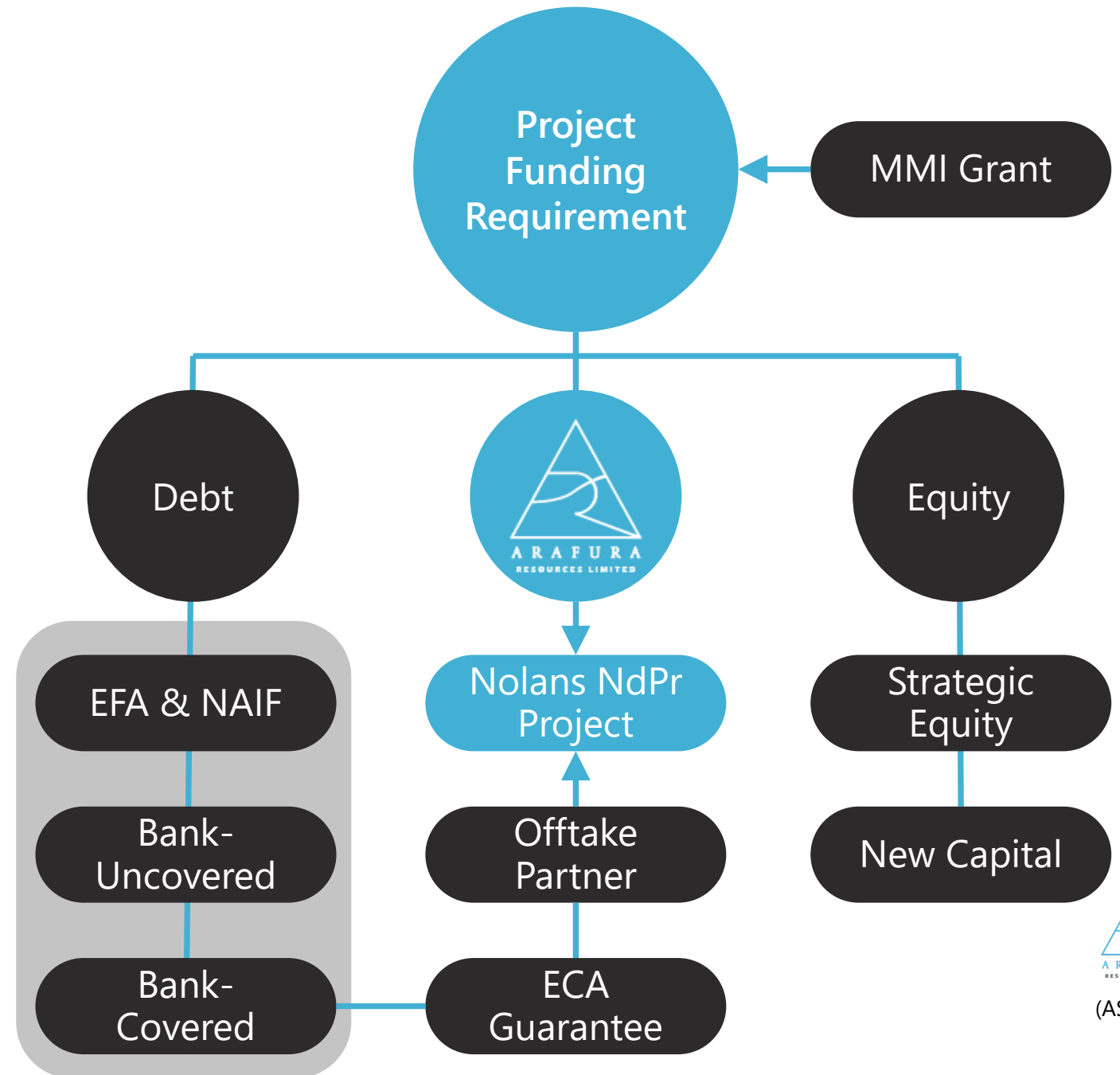
Funding Structure

Debt

- ✓ MLAs appointed, Societe Generale and NAB
- ✓ ITE report by SRK nearing completion, addendum to the ITE report to be completed following completion of construction tender
- ✓ Debt financing will include untied ECA funding and to the extent required additional MLA banks or via syndication
- ✓ NAIF & EFA will support A\$300m of debt subject to further DD and credit approval
- ✓ Offtake drives the participation of untied ECA funding

Equity

- ✓ Some offtake MoU's outline potential strategic investment in Arafura to be negotiated in conjunction with final offtake
- ✓ A\$30m MMI Grant reduced equity component



Upcoming Targets

- ✓ Nolans project Economic update November
- ✓ Award Hydromet construction contract and commence ECI
- ✓ Binding Offtake Agreements
- ✓ FID
- ✓ 1H 2023
 - ✓ Commence early works construction
 - ✓ Long Lead Equipment Procurement
- ✓ Production 2025



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