

ASX ANNOUNCEMENT

ARAFURA SIGNS NDPR OFFTAKE AGREEMENT WITH GLOBAL WIND TURBINE MANUFACTURER SIEMENS GAMESA RENEWABLE ENERGY

11 April 2023



- **Offtake agreement signed with Siemens Gamesa Renewable Energy A/S to supply NdPr from the Nolans Project (5-year term with the option to extend the term for a further 2-years by mutual agreement)**
- **The annual contract quantities of NdPr metal will increase to 400 tonnes per annum (an NdPr Oxide equivalent of 520 tpa) when the Nolans Project achieves nameplate production capacity**
- **This is the 2nd offtake agreement to be signed, with approximately 53% of the targeted 85% annual production from Nolans secured under long-term sale arrangements now contracted**

Arafura Rare Earths Limited (ASX: ARU) (Arafura or the Company) is pleased to announce the signing of an offtake agreement (**Offtake Agreement**) with Siemens Gamesa Renewable Energy A/S.

The Offtake Agreement is for the supply of NdPr from the Company's Nolans Project (the **Project**) to Siemens Gamesa over a five-year term (which may be extended for a further two years by mutual agreement). Contract volumes (per Contract Year) for NdPr Metal are 200 tonnes per annum (**tpa**) commencing in 2026, increasing to 360tpa in year two and 400tpa in years three to five to align with ramp up of the Project.

The other key terms of the Offtake Agreement are set out below:

- Pricing (in \$US) is contractual but broadly determined referencing the NdPr Ex Works China price per tonne.
- Commercial grade NdPr/Total Rare Earth (TREE) must be $\geq 99.0\%$.
- The Offtake Agreement is binding subject to certain conditions precedent being satisfied by no later than 30 September 2026, such as Arafura becoming eligible for Untied Loan Guarantee cover from UFK-Guarantees of the Federal Republic of Germany for the financing of a raw material project, completion of construction and development of the Project, commencement of commercial production and ramp up.



"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."

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The NdPr from Nolans will be used in the manufacture of permanent magnets used in offshore wind turbines assembled at Siemens Gamesa's Cuxhaven production facility in Germany, where all components for the hub, generator and backend are assembled into the turbine and then shipped globally. This process aligns with Arafura's offtake strategy to target original equipment manufacturers from geographic regions known to have supportive Export Credit Agencies (**ECAs**) and the recent appointment of KfW IPEX-Bank as an additional mandated lead arranger and ECA structuring bank for the Project's debt financing (refer to ASX Announcement dated 17 January 2023).

The Offtake Agreement will support ongoing discussions with German ECA Euler Hermes, which recently provided Arafura with a non-binding letter of in-principle support for an untied loan guarantee of up to US\$600 million to support the Nolans Project (refer ASX announcement dated 29 March 2023). The untied loan guarantee of up to US\$600 million is non-binding, indicative only and any final guarantee amount will be determined with reference to the offtake volume processed in Germany, final offtake structures with German companies and NdPr market conditions at the time.

As detailed in the Company's Project Update (refer to ASX Announcement dated 11 November 2022) Arafura currently anticipates first production of NdPr Oxide in 2025 with annual production expected to ramp up to 4,440 tpa in 2028. These dates are dependent on a number of factors including securing remaining offtake agreements, securing funding on appropriate terms to develop the Project and successful construction, commissioning and ramp up of the Project.

Commenting on the Offtake Agreement, Arafura Managing Director Gavin Lockyer said: *"We are delighted to have concluded negotiations for our second offtake agreement. Siemens Gamesa is the world's leading manufacturer of offshore wind turbines, and this agreement compliments our strategy to create supply diversification into the renewable & E-mobility sectors"*.

About Siemens Gamesa Renewable Energy

Siemens Gamesa unlocks the power of wind. For more than 40 years, we have been a pioneer and leader of the wind industry, and today our team of more than 27,000 colleagues work at the centre of the global energy revolution to tackle the most significant challenge of our generation – the climate crisis. With a leading position in onshore, offshore, and service, we engineer, build and deliver powerful and reliable wind energy solutions in strong partnership with our customers. A global business with local impact, we have installed 130 GW and provide access to clean, affordable and sustainable energy that keeps the lights on across the world. To find out more, visit www.siemensgamesa.com and connect with us on social media.

About the Nolans Project

Arafura's Nolans Project is a rare earth ore to oxide mine and processing facility in the Northern Territory. The project is Australia's first vertically integrated rare earths operation, where its single site mining and processing operations (including waste disposal) will provide a secure and traceable supply chain to meet domestic and international economic and security interests and the ESG needs of global customers. Nolans has received Major Project Status from the Northern Territory Government (refer to ASX Announcement dated 31 July 2020) and has received support from Federal Ministers (refer to ASX Announcement dated 13 May 2021).

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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 November 2022 (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 November 2022. 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 November 2022 (including any assumptions referred to in the Company's ASX announcement dated 11 November 2022 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.

Forward Looking Statements

This announcement includes forward-looking statements. These statements relate to Arafura's expectations, beliefs, intentions or strategies regarding the future. These statements can be identified by the use of words like "will", "progress", "anticipate", "intend", "expect", "may", "seek", "towards", "enable" and similar words or expressions containing same.

The forward-looking statements reflect Arafura's views and assumptions with respect to future events as of the date of this announcement and are subject to a variety of unpredictable risks, uncertainties, and other unknowns. Actual and future results and trends could differ materially from those set forth in such statements due to various factors, many of which are beyond our ability to control or predict. Given these uncertainties, no one should place undue reliance on any forward-looking statements attributable to Arafura, or any of its affiliates or persons acting on its behalf. Arafura does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Neither Arafura nor any other person, gives any representation, warranty, assurance, nor will guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. To the maximum extent permitted by law, Arafura and each of its advisors, affiliates, related bodies corporate, directors, officers, partners, employees and agents disclaim any responsibility for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise.

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