ASX ANNOUNCEMENT

DEVELOPING NORTHERN AUSTRALIA CONFERENCE

25 July 2023

Arafura Rare Earths Limited (**ASX:ARU**) (**"Arafura"** or the **"Company"**) is pleased to attach a copy of its presentation delivered by Managing Director, Gavin Lockyer, at the Developing Northern Australia Conference held in Darwin over 24- 26th July 2023.

Mr Lockyer presented on the topic- The Nolans Project- Establishing a rare earths supply chain for a changing world.

-ENDS-

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ARAFURA'S SUSTAINABILITY GOAL

"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."

The Nolans Project

Establishing a rare earths supply chain for a changing world

Developing Northern Australia Conference

25 July 2023

ARAFURA

RARE EARTHS LIMITED

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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 Rare Earths 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 Rare Earths 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 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.

Arafura's Vision

To be **the trusted, leading rare earths partner** of customers in high impact technologies and **enduringly lift the sustainability of our planet.**

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The Critical Role of Rare Earths

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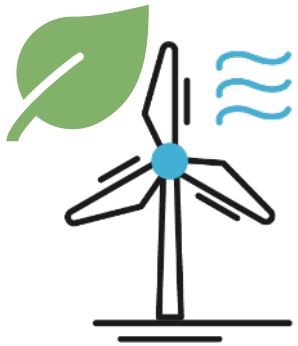
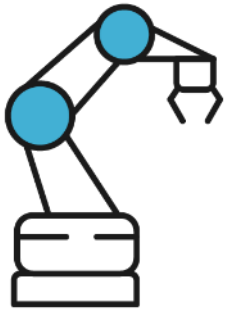
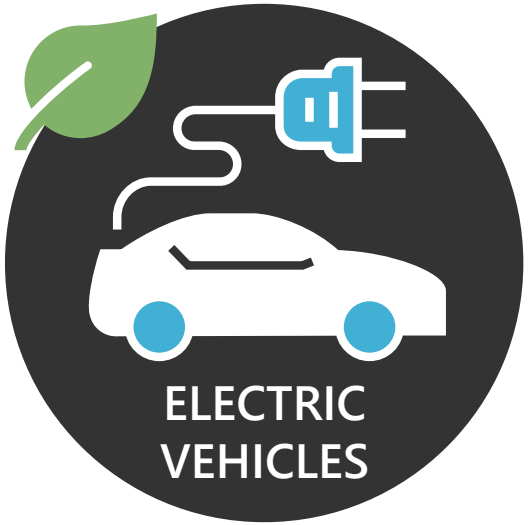
The fastest growing market for NdPr is production of permanent magnets – critical components in a wide range of common and specialty applications including electric vehicles and renewable energy technologies such as wind turbines



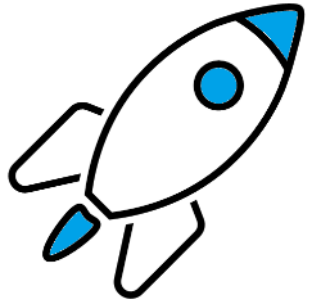
WIND TURBINES



ROBOTS



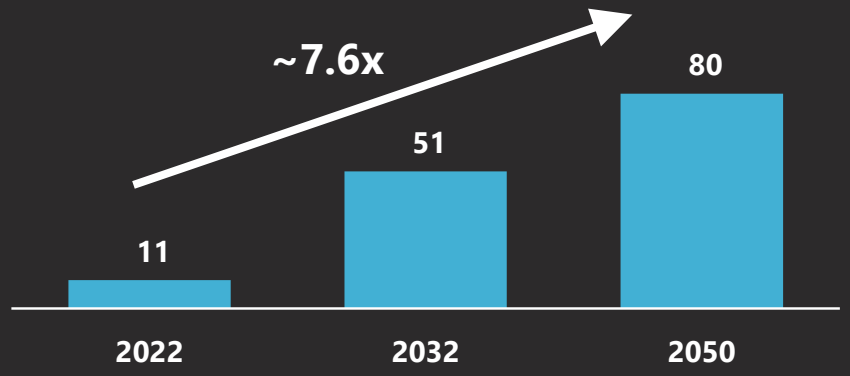
ELECTRIC VEHICLES



AEROSPACE & DEFENCE

PHONES & TABLETS

Projected Electric Vehicle Sales (millions)[1]



- ✓ Electric vehicles are poised to be the **biggest source** of NdPr demand[2]
- ✓ Electric vehicle drivetrains use NdPr powered motors **regardless of battery chemistry**

25/07/2023

Sources: IRENA, S&P Global, Wood Mackenzie Business, Wood Mackenzie Rare Earth Markets 2022 Outlook to 2050 (September 2022), Wood Mackenzie Rare Earths Market Study (July 2022)
Notes: (1) Growth to 2032 calculated off a base of 10.5 million EVs sold in 2022 and forecast production based on implied EVs produced given NdFeb alloy demand from automotive drivetrains and assuming 2kg of NdFeb alloy is used per EV sold. EVs include Battery Electric Vehicles (BEV), Hybrid Electric Vehicles (HEV) and Plug-in Hybrid Electric Vehicles (PHEV).

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Meeting the Needs of a World in Transition

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Two great revolutions are underway: **digitalisation** and **decarbonisation.**

Over the next 10 years alone, **these revolutions are expected to drive a 4.8x increase in electric vehicle production** to ~51 million cars per year[1]

Rare earths (mainly NdPr) are vital inputs for permanent magnets used in electric motors, as well as in other high growth end markets. **China controls ~90% of the NdPr supply** – enabling a diverse and secure supply of NdPr is critical.

Because of these dynamics, **NdPr demand is expected to substantially outpace supply** by 2030.

Northern Australia will take centre stage in meeting global demand: resources, expertise, proximity to markets, environmental excellence

25/07/2023

Notes: (1) Growth to 2032 calculated off a base of 10.5 million EVs sold in 2022 and forecast production based on implied EVs produced given NdFeb alloy demand from automotive drivetrains and assuming 2kg of NdFeb alloy is used per EV sold. EVs include Battery Electric Vehicles (BEV), Hybrid Electric Vehicles (HEV) and Plug-in Hybrid Electric Vehicles (PHEV).
Sources: Wood Mackenzie Business, Wood Mackenzie Rare Earth Markets 2022 Outlook to 2050 (September 2022),

Project Highlights

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The Nolans Project

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Advanced manufacturing on site
– ore to oxide at single site –
the first of its kind in Australia

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

Large, high-grade resource base underpinning long **38-year mine life.**[1,2]

All **permitting in place** and early construction underway.

Single site processing model and waste management systems **support a commitment** to responsible mining as a trusted supplier.

Commercial endorsement from leading strategic parties and **binding offtake agreements in place** with Hyundai and Kia, and Siemens Gamesa.

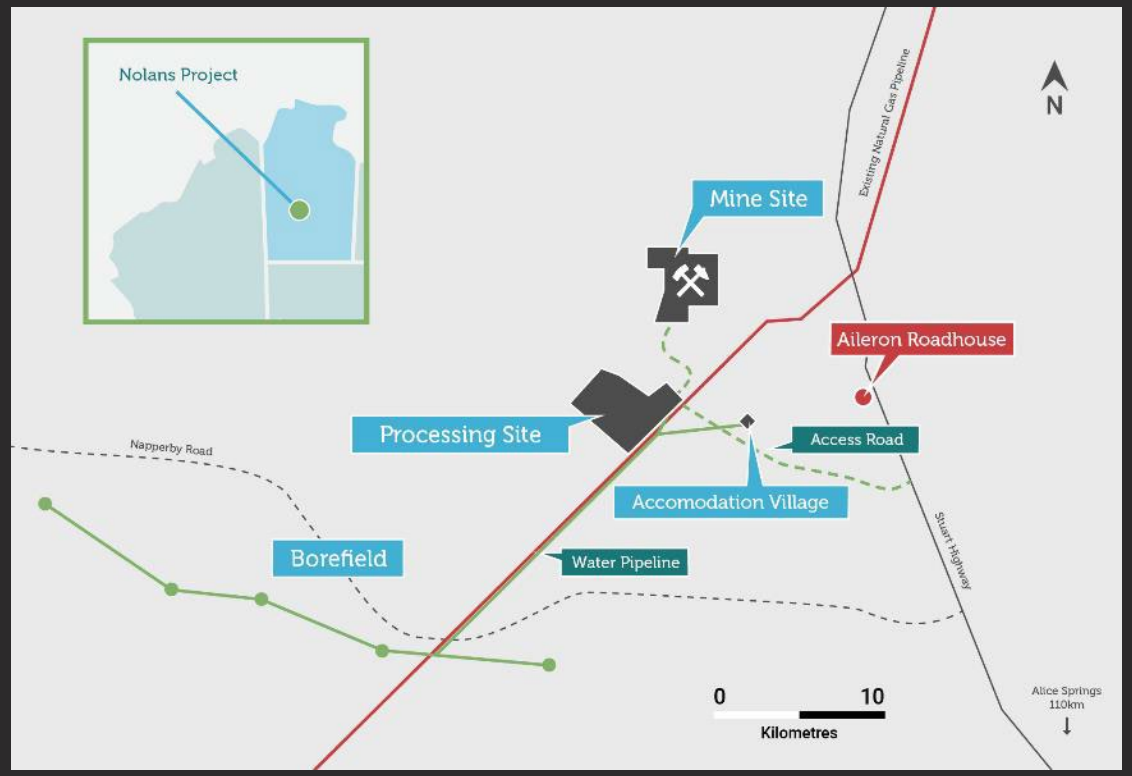
Well advanced **funding strategy** including **substantial government support.**

25/07/2023

Sources: Nolans Project Update published 11 November 2022,
Notes: (1) Total mineral resource (incl. reserves) of 56 million tonnes with a total rare earth oxide (TREO) grade of 2.6% (1% TREO lower cut-off grade), which implies contained TREO resources of 1.5Mt. (2) Resource statement is currently JORC compliant and is being reviewed to be SEC compliant.

Close to Existing Key Infrastructure

- Stuart Highway 10km 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 waste at site
- Deepwater port facilities in Darwin accessible by road and rail



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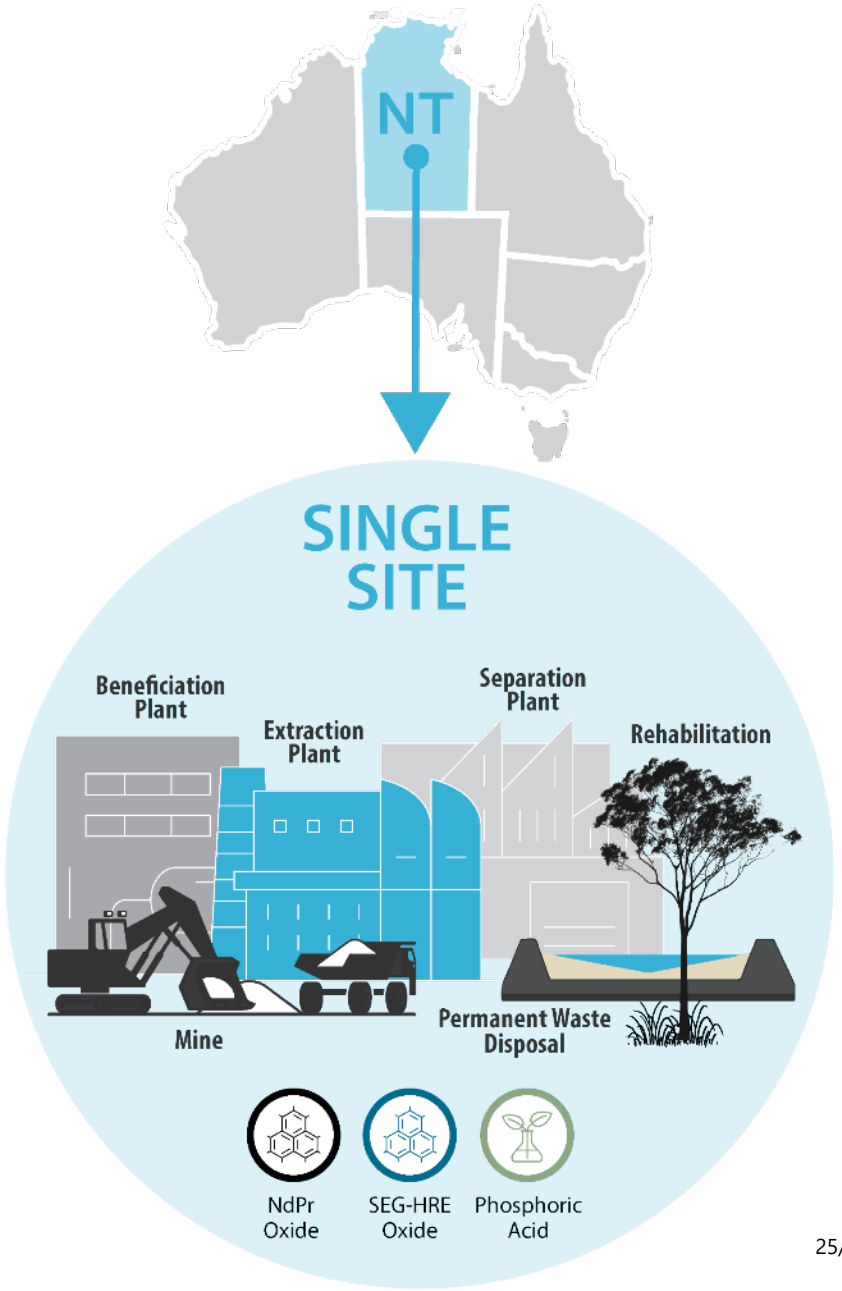
Toward Net Zero

The Nolans Project's **single site** mining and processing model closely aligns with a growing global focus on responsible mining.

- A focus on **environmental responsibility and sustainable delivery** is paramount.
- Arafura's **Greenhouse Gas Emissions Reduction Pathway** outlines chosen path to achieve **2050 Net Zero emissions commitment.**
- **Single site processing** provides traceable product and waste management certainty **aligned with customers' ESG expectations.**
- **All environmental approvals** and **Mining Authorisation** secured and waste management and site rehabilitation fully costed.



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Delivering for the Territory

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Project development for long term success

Arafura seeks to deliver substantial, intergenerational social and economic benefits for local and regional stakeholders through employment, small and medium enterprise business opportunities, royalties, and shared infrastructure.

There will be a net increase in job creation in the Northern Territory because of the Nolans Project.

- ✓ 680+ jobs during construction
- ✓ 300+ jobs during steady state operations

Over its lifetime, the Nolans Project will contribute $12.8 billion to Gross Territory Product [2].

Nolans will deliver significant benefits for the Territory:

value added to the economy, boost to incomes of Territorians and job creation

Nolans returns a benefit to cost ratio of 3.4 [1]

Source: (1, 2) Nolans Project Economic Impact Assessment 2023, ACIL Allen.

Local Capability Building

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- Supporting site through local purchasing.
- Direct procurement from 18 local Alice Springs companies to date.
- Introducing local contractors to major contractors, supporting capability building in industry through major project exposure.
- Camp services provider ESS sourcing food stuffs and other materials from NT suppliers wherever possible.
- Discussions in place with local service providers for bus transportation and other site service requirements.

Workforce Development

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- Detailed local Workforce Development Plan underway.
- Close engagement with government, agencies and service providers to map areas of need and opportunity.
- Implementation of Workforce Development Plan in partnership with Nolans Project major construction contractor to optimise outcomes.
- Direct community engagement underway to understand interest, capabilities and areas of opportunity for training and development.
- Focused program to facilitate First Nations employment opportunities, including pathways to employment, long-term retention initiatives and wrap around services to support success.

First Nations Opportunities

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- Long history of consultation with government, Indigenous organisations and the Central Land Council to maximise benefits for the Nolans project area.
- Ongoing on-country engagement with Traditional Owners, including artefact identification and removal (where applicable) in line with Cultural Heritage Management Plan.
- Direct employment opportunities in early construction phase.
- Engagement to inform development of local community support programs.

Environment

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- Environmental Management Systems for Nolans Project – best practice standards established.
- On-country work with TiTree ranger team and Traditional Owners including fauna surveys and identification of landscape management opportunities.
- Ongoing surveys on country in the Nolans Project area to inform evolving understanding of local flora and fauna.
- Early exploration of groundwater dependent ecosystem research opportunities.

Activities on Site at Nolans

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Fly Camp and Construction Camp

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Camp Facilities

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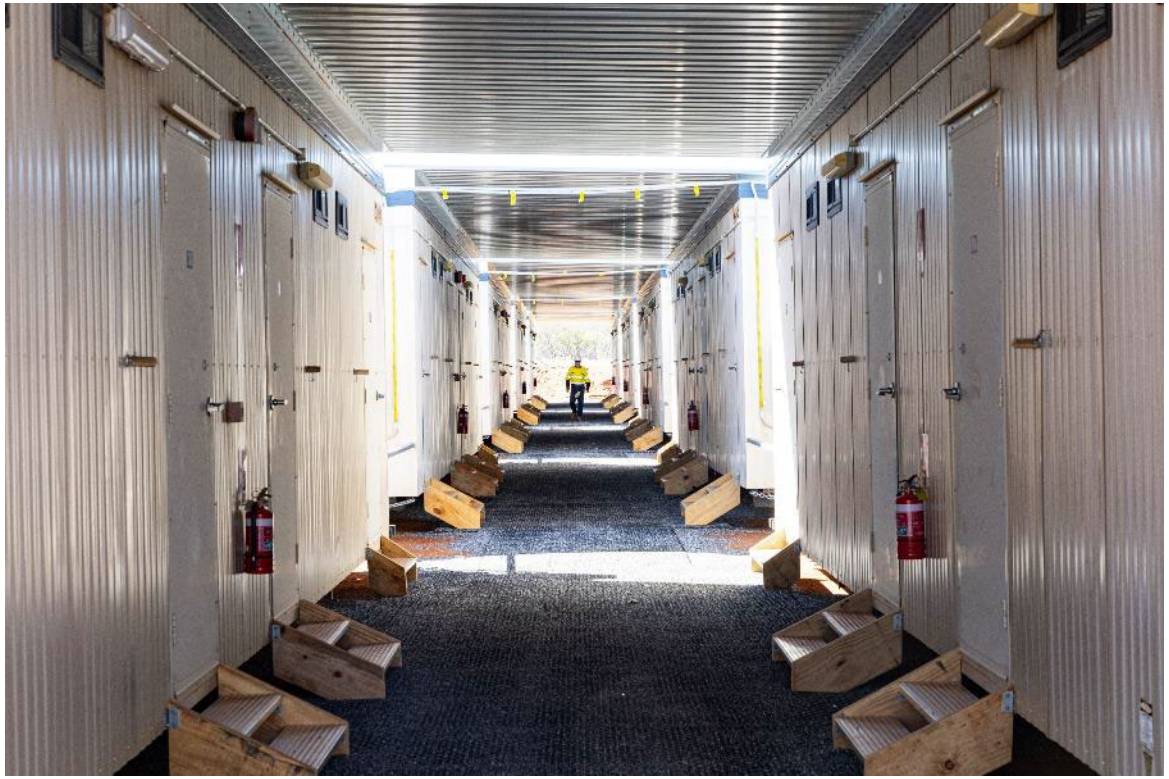

Process Plant Site Earthworks

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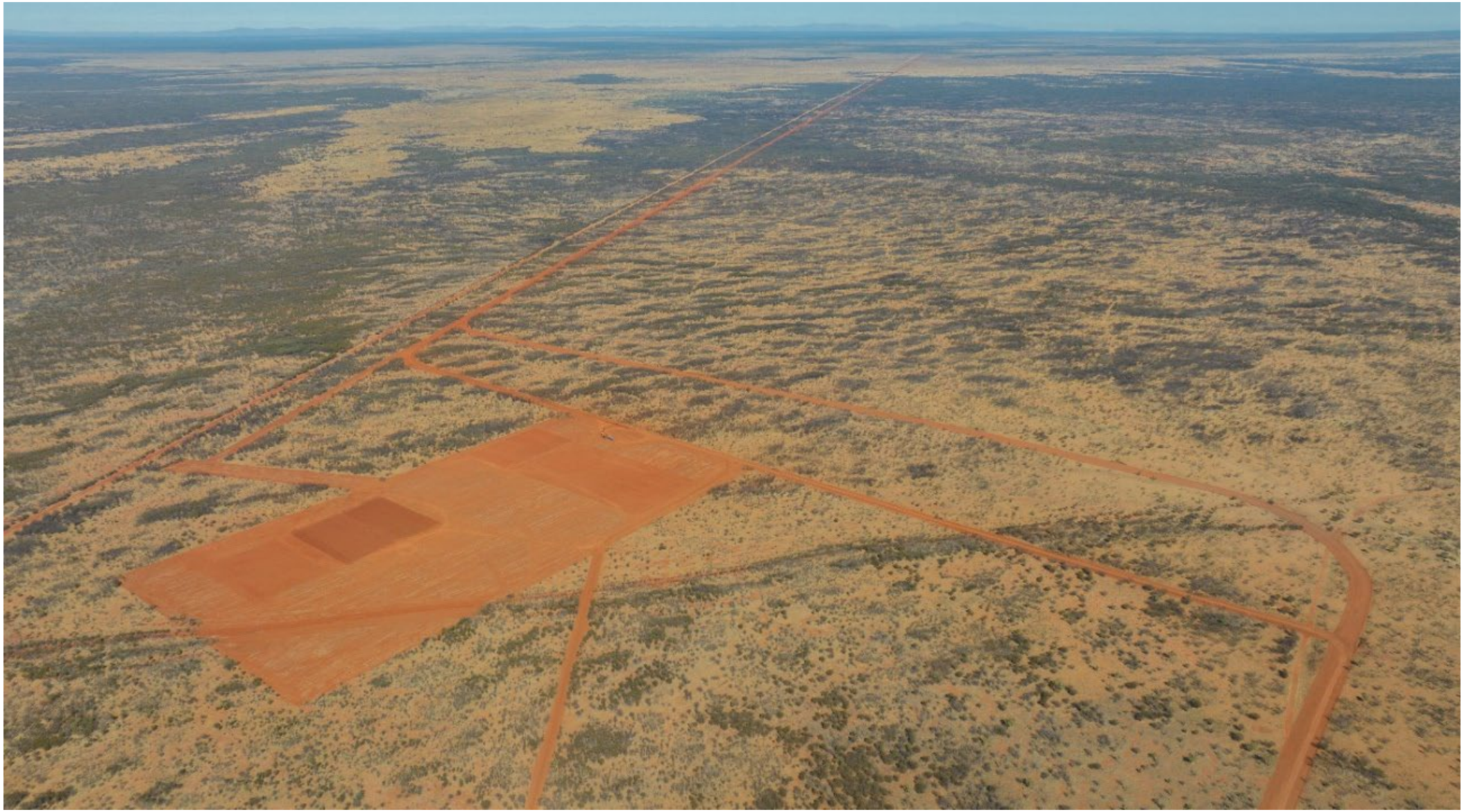

Arterial Water Pipeline Installation

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Water Infrastructure Development

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Resource & Processing

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Nolans Bore: A Long Life Asset

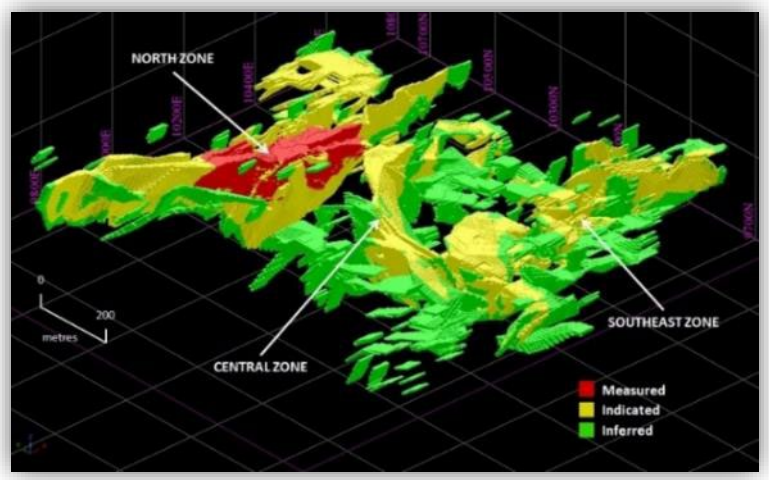
RESOURCES	TONNES (m)	RARE EARTHS TREO %	PHOSPHATE P_2O_5 %	NdPr ENRICHMENT %
Measured	4.9	3.2	13	26.1
Indicated	30	2.7	12	26.4
Inferred	21	2.3	10	26.5
TOTAL	**56**	**2.6**	**11**	**26.4**

As announced on 7 June 2017. 1% TREO cut-off grade. Numbers may not compute exactly due to rounding. "NdPr enrichment" is the proportion of TREO comprising Nd_2O_3 and Pr_6O_{11}.

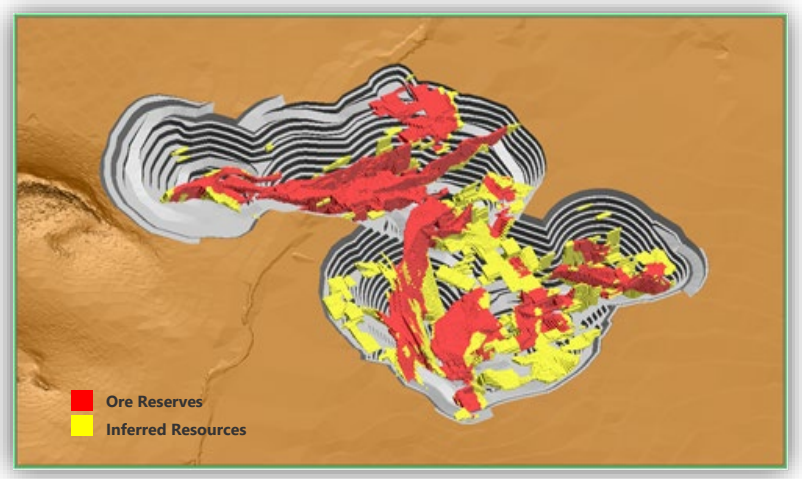
RESERVES	TONNES (m)	RARE EARTHS TREO %	PHOSPHATE P_2O_5 %	NdPr ENRICHMENT %
Proved	5.0	3.0	13	26.2
Probable	24.6	2.8	13	26.5
TOTAL	**29.5**	**2.9**	**13**	**26.4**

As announced on 16 March 2020. Numbers may not compute exactly due to rounding. "NdPr enrichment" is the proportion of TREO comprising Nd_2O_3 and Pr_6O_{11}.

Mineral Resources



Ore Reserves



Attractive Geology

- Strategic resource
- NdPr enriched
- Meaningful phosphate by-product in apatite ore
- Discovered through airborne radiometrics
- 90km of drilling to develop 29 years of reserves and 38-year LOM
- Open at depth

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Hydro-metallurgical plant

A full flythrough of the plant (in render) can be viewed by scanning the QR code below.

Rare earth extraction (candle filters)

Beneficiation plant

Pre-leach and sulphation (inset sulphation bake unit)

Concentrate handling and rare earths recovery

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Waste and Water

- End-to-end waste management solution
- Waste rock dumps designed to "encapsulate" naturally occurring radioactive material rock at mine site
- Mine area surface water management captures sediment
- Residue storage facility ("RSF") for containment of waste residue processed at site
- Progressive rehabilitation of RSF during life of mine

Arafura's single site processing model to provide traceable product and waste management systems structured to align with customers' ESG expectations

Environmental Approval and Project Costing includes all costs for Waste Management and Rehabilitation

Rendering of Nolans Project Residue Storage Facility (RSF).

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Offtake & Funding

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Offtake

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Offtake strategy aligned with NdFeB users who need a diversified supply chain.

Binding offtake agreements with Hyundai and Kia and Siemens Gamesa for up to 2,020 tpa oxide (or metal equivalent).

Three other companies including GE in contract negotiations representing 50% of Binding Offtake Target.

Arafura is targeting 85% of Planned Production[1] as binding offtake (Binding Offtake Target).

Offtake Discussion Group	Location	NdPr Oxide (tpa)[2]	% of Binding Offtake Target
Secured Offtake (binding agreement)			
Hyundai & Kia	Korea	1,500	40%
Siemens Gamesa RE	Germany	520	13%
Offtake under discussion[3]			
Contract negotiations	Japan & Europe	1,855	50%
Advanced offtake discussions	Europe & US	2,600	69%
	Total	**6,475**	**172%**

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

ARAFURA RARE EARTHS LIMITED

(ASX:ARU)

1. *Planned Production refers to the average annual production from Nolans of 4,440 tpa (Refer ASX Announcement dated 11 May 2021).*
2. *Product may be supplied as NdPr Oxide or Metal equivalent.*
3. *The Company, at this stage, has no certainty as to the timing and likelihood of successfully concluding binding agreements being entered into.*

Funding Structure

Debt

- Société Générale and KfW appointed MLAs.
- KfW appointed Export Credit Agency (ECA) structuring bank.
- Offtake drives the participation of untied ECA funding and creates debt liquidity.
- MLA financing will have a covered (ECA guarantee supported) and uncovered portion.
- NAIF and EFA letters of support A$350m of debt, subject to further DD and credit approval.
- Euler Hermes letter of support for up to US$600m untied loan guarantee subject to offtake with German companies and credit approval.
- Letter of Interest from Export Development Canada for up to US$300 million debt financing, subject to further DD, facilitated via MoU with GE.

Equity

- Potential strategic investment being negotiated in conjunction with offtake through HoA with Hyundai.
- Other strategic equity linked to potential offtake.
- Potential strategic investment through Hancock Prospecting maintaining 10% holding through to project funding.
- A$30m MMI Grant for construction of separation plant reduces equity requirement.

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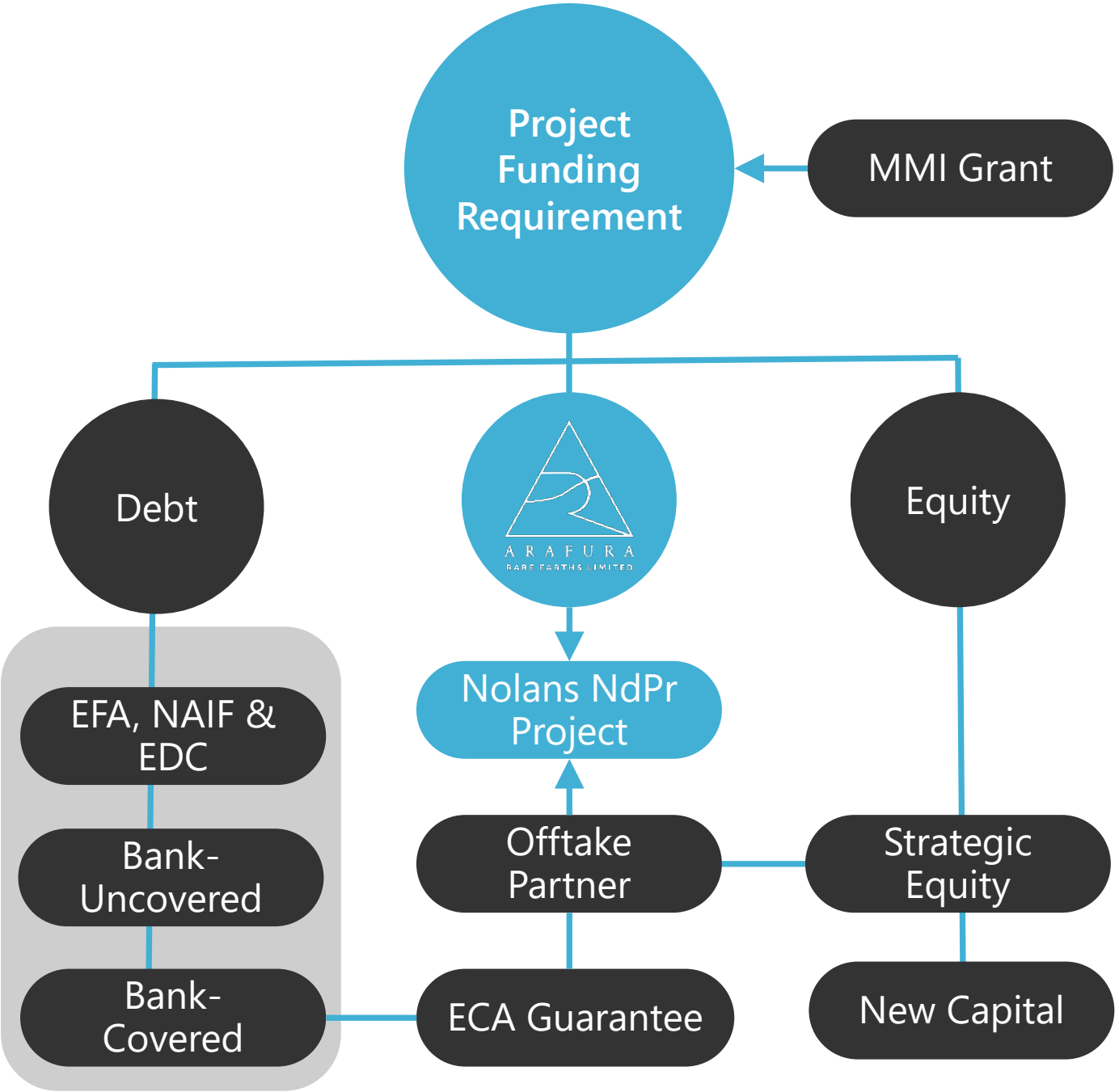

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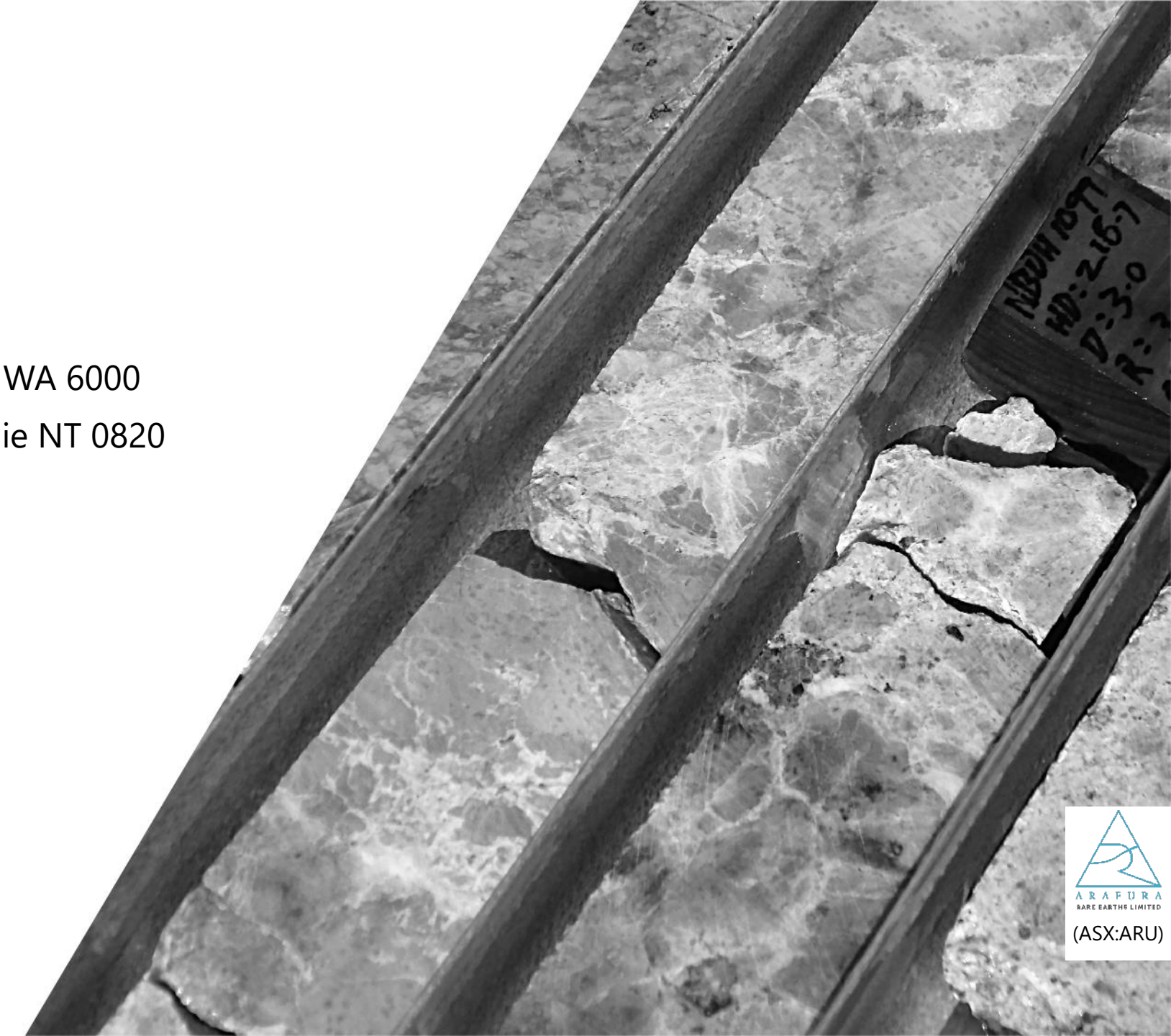

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