Arafura Sustainability Report FY23

ARAFURA
RARE EARTHS

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This report covers 1 July 2022 to 30 June 2023 (FY23) unless stated otherwise. The report accounts for Arafura Rare Earths Limited's (Arafura or the Company) contributions to sustainable development during FY23. The report covers our 100%-owned Nolans Project, located in the Northern Territory, Australia. The report has been prepared in line with Arafura's eight sustainability elements and 'with reference' to the GRI Standards framework.

For further information about our sustainability approach, or to provide feedback about this report, please email arafura@arultd.com or call us at +61 (08) 6370 2800.

Unless otherwise stated, the currency used throughout this report is Australian Dollars.

Forward Looking Statements

This report 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 report 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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Sustainability Snapshot

Eight elements of the Arafura sustainability ecosystem defined and integrated into the format of this report.

Mine Management Plan approved by the Northern Territory Government, including detailed appendices of environmental, health, safety and risk management plans and procedures.

'Sense' platform launched, to purposefully deliver safety, health and wellbeing workplace initiatives.

Three additional, full-time sustainability-related professional positions recruited.

Two binding offtake agreements in place with leading original equipment manufacturers (OEMs) for the supply of NdPr.

Approx. 29%[1] reduction in gas use and associated greenhouse emissions from Nolans Project power production, as compared to original solution, due to adoption of steam co-generation solution in basis of design.

1 *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.*

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Message from the Chairman & Managing Director

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Welcome to Arafura's FY23 Sustainability Report

As global decarbonisation efforts intensify, the importance of the Nolans Project has never been more evident. End-market demand for the Project's product will continue to intensify, and the clear expectations of our customers around Arafura's sustainability performance and ability to deliver responsibly mined and produced NdPr will escalate. In the past year, Arafura has taken major steps in establishing Nolans as the world's most significant new rare earths producer. Our focus has been on maturing our sustainability approach and processes – from strategic planning through to reporting on outcomes – to ensure that we are ready.

Now in its second year, our Sustainability Committee has taken carriage of evolving our efforts at a Board level, in recognition of the critical role that sustainability will continue to play as we develop Nolans into a truly world-class project, delivering lasting value for our local communities, the broader Northern Territory and Arafura's shareholders. Our reporting against the Global Reporting Initiative (GRI) standards for sustainability performance will steadily expand as we progress the development of Nolans and move into production.

The year was marked by several major commercial milestones for Arafura, including the signing of binding offtake agreements with foundation customers Hyundai Motor Company and Kia Corporation, and Siemens Gamesa Renewable Energy. The year was also marked by the commencement of activity on site at Nolans, beginning with the establishment and rehabilitation of more than 15 kilometres of site access roads, earthworks for the site construction camp and installation of a fly-camp to house 48 personnel and contractors. This was followed by early construction works focused on installation and commissioning of the first two stages of a 400-person construction village, plus associated site services and infrastructure, and the construction of a major arterial water pipeline to service the project site. In parallel with these site-based activities, we continued to deepen and evolve our engagement with a range of key project stakeholders, including communities local to Nolans, as part of our commitment to responsible project development. We take these activities seriously, recognising that they sit central to Arafura maintaining robust social licence – the cornerstone of all that we seek to achieve at Nolans. We have continued to investigate how best to progress our chosen greenhouse gas emissions reduction pathway for Nolans. Importantly, analysis demonstrates that our chosen pathway would reduce total energy costs over the first 14 years of production at Nolans, and only result in a minor increase in costs over the Project's full life of mine.

In June 2023 the Federal Government released its updated Critical Minerals Strategy 2023-2030, which sets out a plan to capitalise on Australia's critical minerals capabilities, drive employment and economic benefits and support international Net Zero efforts – all aspirations that the Nolan's Project will facilitate. After two decades of effort to develop this globally significant project, Arafura is now poised to commence main construction at Nolans on the path to delivering first product to our offtake partners. Our sincere thanks to our staff, contractors, partners and shareholders for their ongoing support of Arafura and unwavering belief in the potential of the Nolans Project.

Mark Southey
Chairman

Gavin Lockyer
Managing Director

Our Approach to Sustainability

In the past year we have defined eight key 'elements' that form the Arafura sustainability ecosystem, as shown in Figure 1. These elements are tailored to our business, underpinned by our vision and values, and informed by globally-recognised sustainability frameworks. This report reflects Arafura's sustainability progress in FY23, including progress within each of our sustainability elements.

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Disclosures

Arafura Rare Earths Limited (Arafura or the Company) sustainability disclosures are presented in Appendix I. They have evolved over the past year, from the World Economic Forum's Measuring Stakeholder Capitalism framework, towards the widely recognised Global Reporting Index (GRI) standards.

GRI supports organisations to disclose their economic, environmental, social and governance performance. Established in 1997, GRI sets guidelines for transparent and comprehensive sustainability reporting, aiding stakeholders in evaluating sustainability efforts and promoting accountability and transparency in businesses worldwide. Arafura is reporting in FY23 'with reference' to the GRI Standards framework, with the objective of working towards reporting 'in accordance' with GRI in the future. Appendix II contains a GRI Index summarising our disclosures for FY23 in this report and other publicly available reports and information.

Arafura remains committed to aligning our practices with the United Nations' Sustainable Development Goals (SDGs) and we continued as a participant in the UN Global Compact this year. Arafura is confident that we can contribute to many of the 17 SDGs.

Within this report, we identify where they play a role in guiding our sustainability delivery and outcomes.

The Initiative for Responsible Mining Assurance (IRMA) envisions a world in which the mining industry respects human rights and the aspirations of affected communities; provides safe, healthy and respectful workplaces; avoids or minimises harm to the environment; and leaves positive legacies. In FY22, Arafura completed the IRMA Ready self-assessment, which was developed for companies that are not yet in production and seeking to document policies, systems and intentions that will allow them to measure their social and environmental management at their mine sites in accordance with the IRMA Standards. This year we continued development and implementation of an action plan to address the IRMA Ready requirements. This will continue into the coming financial year as we work toward completing an independent audit against the most recently published standard in future. The timing for this is to be determined.

Material topics

Arafura engaged a third-party ESG specialist in 2021 to perform a materiality analysis with selected internal stakeholders, where potential topics were analysed for impact on our business and stakeholders. Twenty topics were identified as relevant, with 11 topics identified as material to Arafura and its stakeholders (Figure 2). The other nine topics were designated 'watch topics' for potential future materiality. This process allowed Arafura to rank which sustainability issues to focus on – the issues most 'material' to the sustainability of our business. The GRI disclosures associated with these topics are a focus in this FY23 report.

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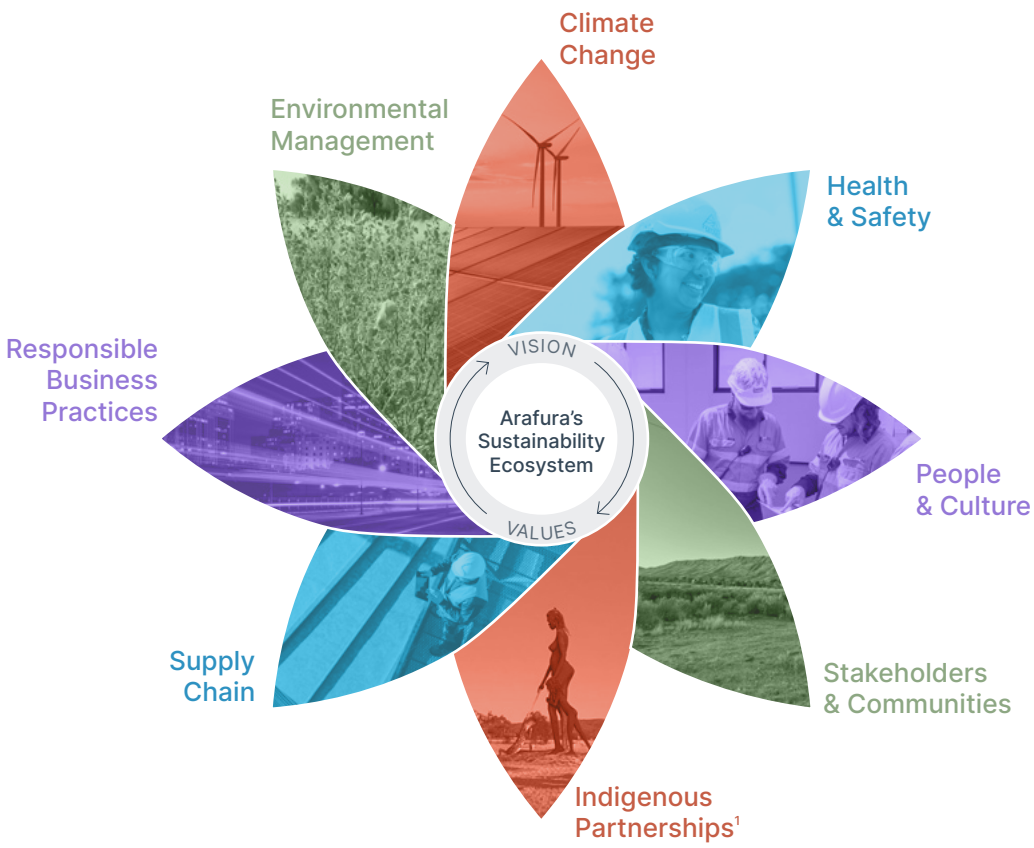

Figure 1. Eight elements that define Arafura's sustainability ecosystem.

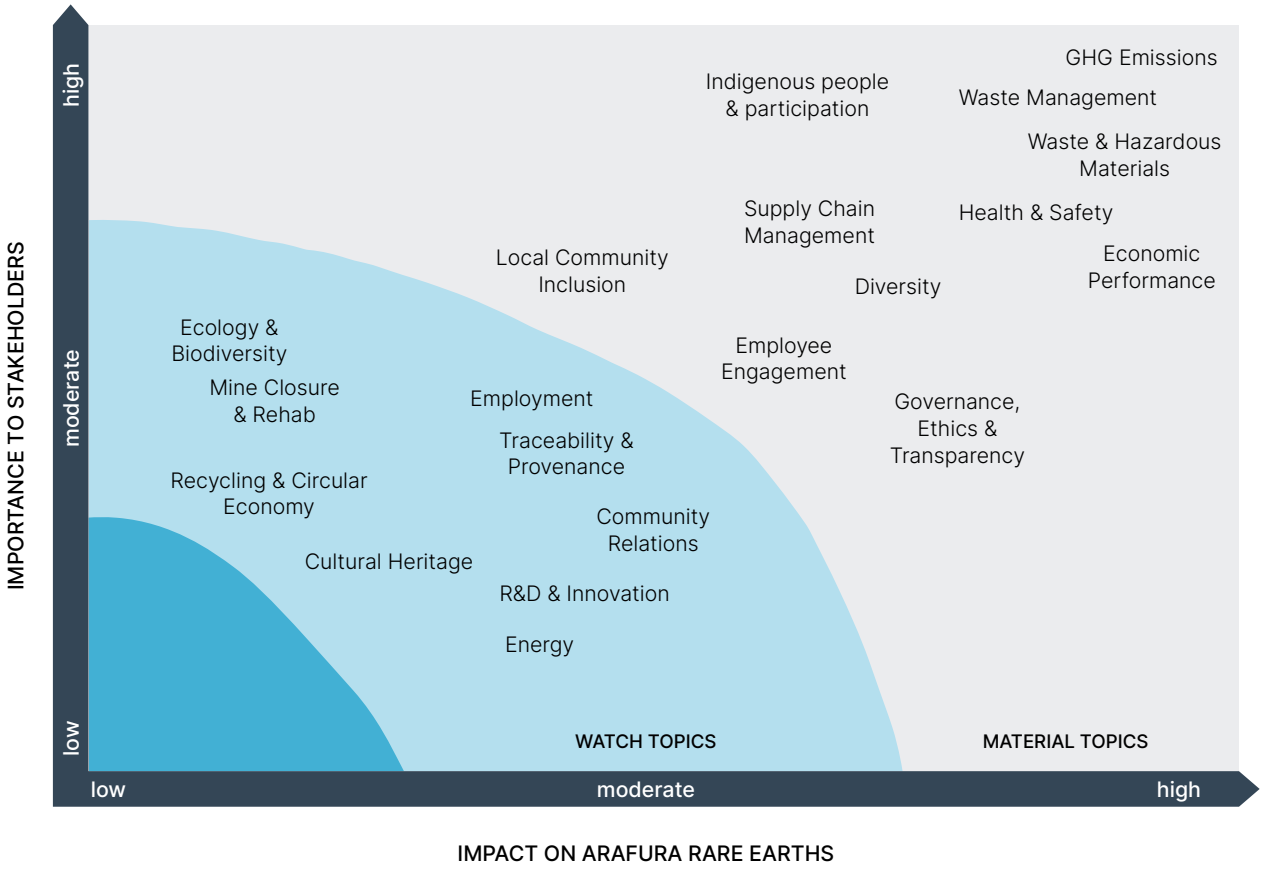

Figure 2. Arafura's materiality matrix presents the issues in two dimensions: their importance to our stakeholders and their likely impact on our business.

[1] *Image: 'Anmatjere Woman and Child' sculpture, Mark Egan, December 2008.*

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Our Approach to Sustainability *cont.*

Table 1. Alignment of Arafura's material topics and sustainability elements to GRI disclosures and the United Nations' Sustainable Development Goals.

MATERIAL TOPIC/S	ARAFURA SUSTAINABILITY ELEMENT	RELEVANT GRI DISCLOSURE	UN SDG
Governance, Ethics & Transparency; Economic Performance	Responsible Business Practices	• GRI 2 General Disclosures • GRI 201 Economic Performance • GRI 202 Market Presence • GRI 203 Indirect Economic Impacts • GRI 205 Anti-corruption • GRI 206 Anti-competitive Behaviour • GRI 407 Freedom of Association and Collective Bargaining	8 DECENT WORK AND ECONOMIC GROWTH; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
GHG Emissions	Climate Change	• GRI 305 Emissions	7 AFFORDABLE AND CLEAN ENERGY; 11 SUSTAINABLE CITIES AND COMMUNITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION
Water Management; Waste & Hazardous Materials; Ecology & Biodiversity	Environmental Management	• GRI 303 Water and Effluents • GRI 304 Biodiversity • GRI 306 Waste	6 CLEAN WATER AND SANITATION; 15 LIFE ON LAND
Health & Safety	Health and Safety	• GRI 403 Occupational Health and Safety	3 GOOD HEALTH AND WELL-BEING
Employee Engagement; Diversity	People and Culture	• GRI 404 Training and Education • GRI 405 Diversity and Equal Opportunity, • GRI 406 Non-discrimination	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES
Indigenous People & Participation	Indigenous Partnerships	• GRI 411 Rights of Indigenous People	10 REDUCED INEQUALITIES; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Supply Chain Management	Supply Chain	• GRI 204 Procurement Practices • GRI 308 Supplier Environmental Assessment • GRI 408 Child Labour • GRI 409 Forced or Compulsory Labour • GRI 414 Supplier Social Assessment	8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Local Community Inclusion	Stakeholders and Communities	• GRI 413 Local Communities	11 SUSTAINABLE CITIES AND COMMUNITIES

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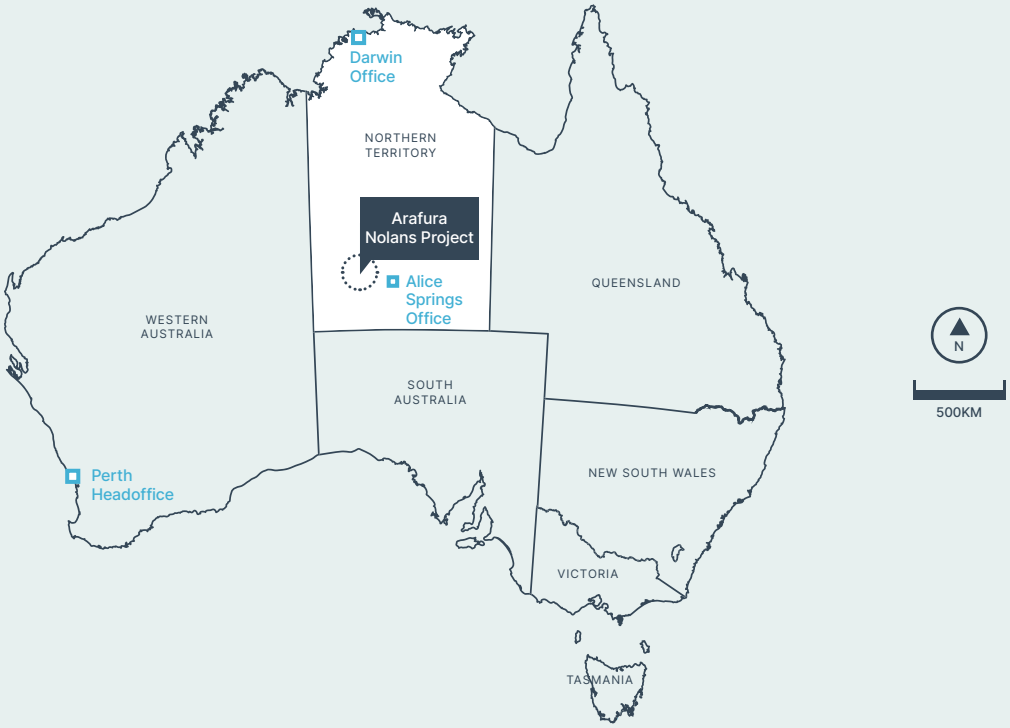
Our commitment to delivering the Nolans Project responsibly is unwavering. We’re delighted to share this year’s Sustainability Report as a demonstration of Arafura’s commitment to sustainability, and the steps our business is taking to continue this commitment into FY24 and beyond.

Cathy Moises, Mark Southey, Darryl Cuzzubbo
Board Sustainability Committee

Arafura Rare Earths Limited



Arafura is a leading global rare earths project developer based in Perth, Western Australia. We are developing the Nolans Project, 135 kilometres north of Alice Springs in the Northern Territory, which is richly endowed with the high value rare earths Neodymium and Praseodymium (together NdPr). NdPr is essential to many modern products and technologies including high-strength magnets, catalytic converters for automobiles, consumer electronics, energy-efficient lighting, optics, super alloys and advanced ceramics.

Demand for rare earths has increased and is expected to increase significantly in the coming years driven by trends associated with global decarbonisation efforts including:

- The increasing use of renewable energy, particularly high-efficiency wind generation.
- Advanced manufacturing and consumer products featuring robotics and automation.
- Low-emission technology concepts.
- The evolution in automotive and future mobility trends, particularly in electric vehicle drive trains to increase efficiency.

Arafura has binding offtake agreements in place with Hyundai and Kia, and Siemens Gamesa Renewable Energy. The company has a memorandum of understanding with General Electric (GE) Renewable Energy and is progressing advanced negotiations with several prospective offtake partners.

The Nolans Project's single-site ore-to-oxide production model will provide traceability for customers, positioning Arafura as a leading global provider of rare earths critical to the world's Net Zero aspirations being achieved.

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Our Vision and Values

Our Vision

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

Our Values

Our values underpin everything we do – they guide the decisions we make, the way we operate and how we approach delivery of the Nolans Project. They keep us focused on what is most important and assist us to define what sustainable delivery and responsible mining and processing operations look like for our business.

We are committed to our purpose and stakeholders

Our purpose is to deliver on our Vision. We maintain strong relationships with our stakeholders as a cornerstone of successfully delivering the Nolans Project. We are committed to long term, meaningful engagement to understand the needs of our stakeholders and ensure we always respond appropriately to deliver reciprocal value.

We are ethical and accountable

We know that we are accountable for defining how to deliver the Nolans Project responsibly, and we embed the required practices throughout our organisation to achieve this – from strategy and planning through to delivery and verification. Ethical behaviour is the cornerstone of good business and we uphold this attribute in every aspect of our decision-making and the behaviours we demonstrate.

We are resilient and innovative

We anticipate that the local, domestic and international environments in which we operate will continue to evolve. We welcome change and are never static. We draw upon our culture of adaptability to grow and expand. We apply an innovative mindset to explore new opportunities in all areas of our business.

We are authentic and transparent

We are transparent in the way we conduct our business and report on our performance – we celebrate our successes and own the areas in which we have room to grow and improve. We are authentic in our commitments, and we follow through on them to build and maintain trust.

We are inclusive and respectful

We foster a culture of inclusivity and respect within our organisation. This is brought to life by our people and their actions, in the ways we engage with our stakeholders, and through the businesses we choose to work with. We are authentic in our interactions, recognising that ways of communicating and operating need to vary; in this way we aim to ensure that we are always inclusive and that no-one is left behind.

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Developing the Nolans Project

Figure 3. An aerial view of stages 1 and 2 of the Nolans Project construction camp, with capacity to house up to 200 rooms.

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The cornerstone of the Nolans Project is one of the world's largest undeveloped NdPr resources. With an initial mine life of 38 years and a valuable phosphoric acid by-product, Nolans Project will be a long-life, low-cost operation producing NdPr oxide - a critical component of technologies associated with global decarbonisation efforts including electric vehicles and wind turbines.

The Nolans Project's technical and economic viability was demonstrated through an extensive, four-year metallurgical piloting program and a definitive feasibility study. The Nolans Project single-site ore-to-oxide production model will provide customers with traceability, positioning Arafura to become a leading, responsible global provider of rare earths critical to the world's Net Zero aspirations being met.

Rigorous Federal and Northern Territory Government approval processes included assessing Arafura's ability to manage and mitigate environmental and social aspects of the planned project and capacity to undertake progressive rehabilitation.

The project is expected to create more than 600 jobs during construction and more than 200 jobs in steady state operations.

Preparing for full construction

This year saw the commencement of works, beginning with the establishment of more than 15 km of site access roads, earthworks for the construction camp and installation of the site fly-camp to house 48 personnel and contractors. This was followed by works focused on establishing a permanent water supply via a major arterial pipeline, and installation and commissioning of the first two stages of a 400-person construction camp plus associated site services and infrastructure. Arafura will soon be positioned to move into full construction, with a focus on meeting our schedule for first production.

During the year, engineering design and procurement continued at pace for all key elements of the Nolans Project including:

- **Hydrometallurgical plant**
  Hatch have been working through Front End Engineering and Design since August 2021 and during FY23 transitioned into the detailed engineering phase.

  Monadelphous has been selected as the preferred construction contractor and commenced early contractor involvement (ECI) with Arafura.
- **Sulphuric acid plant**
  Chemetics commenced preliminary engineering to confirm the design and scope of supply. Monadelphous also began preparing a construction methodology, schedule and estimate of costs for the installation of the sulphuric acid plant.
- **Beneficiation plant**
  MACA Interquip (Interquip) was selected as the preferred contractor for engineering and construction under an engineering, procurement and construction contract arrangement. To facilitate finalisation of the design and pricing, Interquip commenced an ECI phase of engagement to investigate potential design optimisation.

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- **Power station**
  Arafura entered into a cooperation agreement with GE for the supply of a cogeneration power plant using aeroderivative LM2500 gas turbines to provide for the Nolans Project's electrical power and steam requirements. APA Group (APA) was appointed the preferred Independent Power Provider (IPP) for Nolans and awarded an early works contract for the proposed high-efficiency cogeneration plant.
- **Non-process infrastructure**
  A range of tenders and site works or supply contracts were issued or awarded for non-process infrastructure and services including: earthworks for access roads, site, processing facilities and associated areas; installation and commissioning of the flycamp and construction camp; shallow groundwater monitoring drilling programme to support license conditions and other environmental commitments; camp catering, cleaning and other services; a range of structural, mechanical, electrical and other packages; and site information and communications technology.

Regulatory milestones

- Northern Territory environmental approvals in place
- Government and ministerial support for senior debt facility
- Mining Authorisation granted

Security of tenure and social license to operate

- Native Title Agreement in place
- Mineral Licenses granted
- Indigenous Engagement Strategy in place

Technical milestones

- Piloting of ore to oxides flowsheet
- Appointment of leading contractors to integrated project management team
- Front End Engineering and Design complete, underpinning latest capital cost update
- Detailed design commenced
- Expansion of technical and operating team

Commercial milestones

- Customer verification of oxide products complete
- Two binding offtake agreements secured and contract negotiations for remaining offtake are advancing
- Project funding strategy progressing with lead debt arrangers appointed

Sustainability Performance

Arafura's performance across the eight elements of our sustainability ecosystem.

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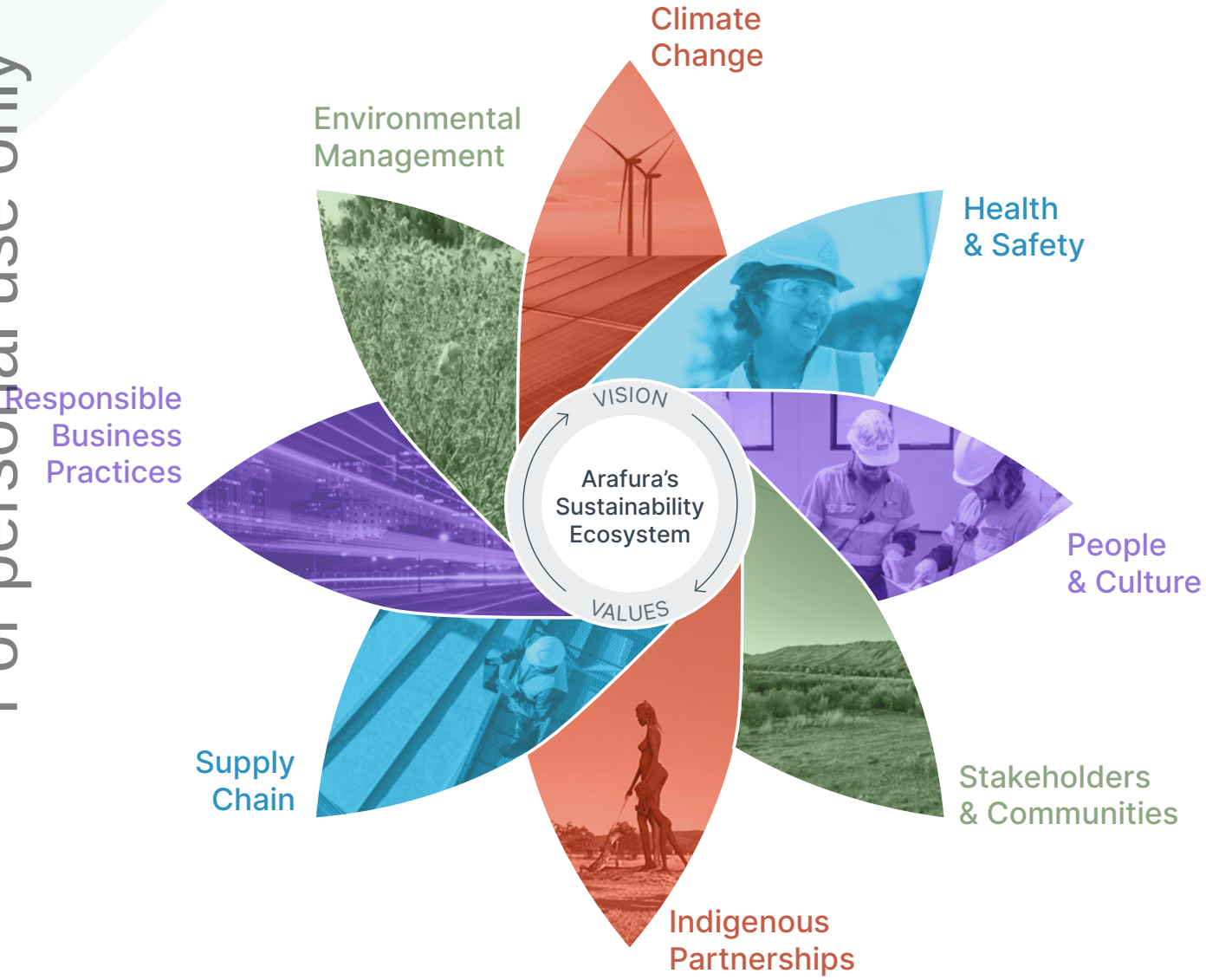

Detailed information on specific disclosures associated with each element can be found in Appendix I and Appendix II.

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Responsible Business Practices

Arafura's sustainability commitment is to be a trusted global leader in responsibly mined and processed rare earths products, facilitating our customers to deliver clean and efficient renewable technologies. We are committed to responsible governance that enables our business strategies, and facilitates operational practices that generate a range of benefits for our stakeholders.

Governance

Arafura conducts all business in accordance with the laws and regulations of the jurisdictions in which we operate. We recognise that robust and disciplined corporate governance is essential for strategy development, planning and operational excellence across our business. Effective implementation and maturation of our governance processes – and an embedded governance culture – is essential to Arafura's success. See Appendix 1 – Responsible Business Practices section for our disclosures regarding ethical and lawful behaviour.

Our governance structure and processes cascade from our Company Constitution and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. This sets out the requirements for our governance and how the relationship between the company, Board of Directors (Board) and shareholders is directed and controlled. A Corporate Governance Statement is released annually in line with corporate annual reporting processes that detail our approach to corporate governance practices.

To ensure ethical, responsible and legally compliant business conduct, Arafura maintains a suite of governance documents that promote transparency, integrity, accountability and financial responsibility. Upon commencement of employment, all Arafura personnel receive copies of our Code of Conduct and policies as part of onboarding. These documents are available via our intranet and employment management platform for ongoing reference. All staff members receive annual prompts to review and re-acknowledge these documents via the platform. See the 'Links to relevant materials' at the end of this section for a list of governance documents that are publicly available on our website.

In the Arafura FY22 Sustainability Report, we committed to ensuring our Board, senior leadership team and senior staff completed anti-corruption training in 2023. The training and process for ongoing implementation is on track to commence by the end of the 2023 calendar year. Also see the disclosures presented in Appendix 1, Table 2 – Anti-bribery and anti-corruption.

Implementation of Arafura's governance framework is strategically led by our **Board**. To provide strategic guidance and oversight of crucial business areas, the Board operates four standing committees that work in partnership with the senior leadership team (Figure 4).

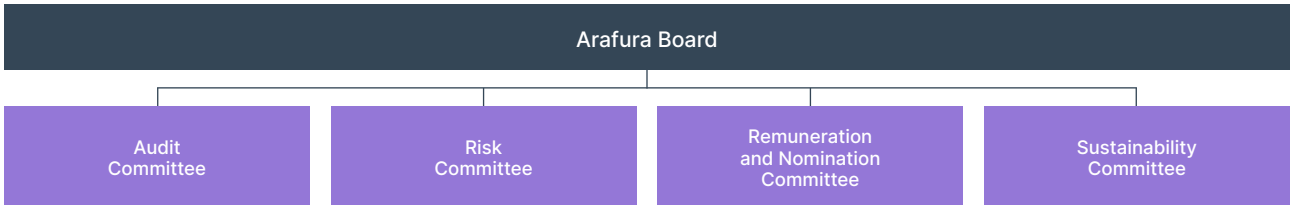

Figure 4. Arafura Rare Earths Limited corporate governance structure

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Aligned SDGs

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Sustainability at Arafura means we are focused on what we are doing and how we go about it. We should always be asking ourselves if, in our dogged pursuit to succeed and deliver the Nolans Project, we are making the world a better place for all the generations that come after us. If we can get this right, the communities we work in will always welcome us with open arms".

Stewart Watkins
General Manager - Projects

The Arafura Board and senior leadership team participate in an independent annual assessment process, reflecting a commitment to continuous improvement and integrity. The assessment focuses on the overall function of the Board, the skills of each of the Directors, and how those skills align with Arafura's immediate requirements. Separately, the Managing Director undertakes a '360 review'. Results are collated anonymously to allow participants to provide honest feedback. Results of the assessments are discussed and then used to review areas of performance strength and aspects for improvement, with implementable actions identified and tracked to completion through subsequent Board meetings.

The Board Sustainability Committee plays a key role in assisting the Board to fulfil its responsibilities relating to the definition and maturity of Arafura's sustainability aspirations. In the past 12 months, the Committee's focus areas have included the implementation of Arafura's chosen greenhouse gas emissions reduction pathway and the maturation of our performance against relevant sustainability standards. In addition, the Committee is responsible for ongoing oversight of Arafura's sustainability work program and review and recommendations relating to the release of our annual Sustainability Report to the market.

Economic Impact

Arafura contributes directly and indirectly to local and regional economies through the payment of taxes, royalties, employee salaries and payments to suppliers. These contributions are poised to grow significantly as construction begins at the Nolans Project and production ramps up. Over the life of the Project, Arafura is expected to pay nearly $5.2 billion in tax (before financing costs) including income tax, payroll tax and mineral royalty payments to the Northern Territory government. [1]

Financial health and responsibility are essential to the successful delivery of the Nolans Project, and achievement of the sustainability outcomes described in this report. Full details of our financial performance and key considerations are available in the **Arafura Rare Earths Limited Annual Report 2023**. Also see Appendix 1 – Responsible Business Practices section for relevant disclosures.

[1] *Based off the financial model utilised in **ASX Announcement Nolans Project Update** dated 11 November 2022.*

Responsible Business Practices *cont.*

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Project finance and offtake

Strong governance is essential for ensuring that Arafura is financially responsible and sustainable. The Nolans Project has strong alignment with international OEMs in jurisdictions that adopt global critical mineral initiatives, focused on ethical value chains supporting low carbon economies.

Arafura's project financing strategy is focused on securing offtake arrangements in jurisdictions with strong export credit agency (ECA) support, which creates pathways for prospective project debt financing[1]. Indicative support received from key international ECAs, aligned with our offtake partners and strategy, include up to US$600 million from Germany's Euler Hermes, tied to offtake by German companies; and a Letter of Interest from Canadian export credit agency Export Development Canada (EDC) for up to US$300 million, facilitated via a strategic arrangement between EDC and GE. Locally, the Northern Australia Infrastructure Facility (NAIF) increased its in-principle support for the Nolans Project to $150 million during the year, taking combined support from NAIF and Export Finance Australia to $350 million.

Our team continued to progress equity funding activities throughout the year to support the development of the Nolans Project, including negotiations with prospective strategic equity partners including Hyundai.

Other financing milestones included the receipt of an initial $6 million of a $30 million Federal Government Modern Manufacturing Initiative grant awarded in March 2022 – a direct contribution to construction of the separation plant.

Given the critical role of sustainable finance in supporting the transition to a low carbon economy, Arafura has established a Green Loan Framework (GLF) to align its financing strategy with its offtake, sustainability, and climate change related objectives. Arafura based the GLF on the most recent industry developed Green Loan Principles, jointly issued by the Loan Market Association, Asia Pacific Loan Market Association and the Loan Syndications and Trading Association. Proceeds raised under the GLF will be available to fund eligible green projects that support the transition to a low carbon economy, in particular Nolans Project capital expenditure dedicated to NdPr oxide extraction and processing for production of wind turbines and electric vehicles.

There are governance measures in the GLF to ensure compliance with applicable sustainability standards and regulatory requirements. The management of proceeds is overseen by the Arafura Board Sustainability Committee, with annual reporting on allocation of funds and impacts to be prepared until full allocation of any Green Loan proceeds. Reporting under the GLF will be subject to external review.

A Second Party Opinion (SPO) of the GLF was prepared by ISS Corporate Solutions in July 2023. The SPO provided a positive sustainability assessment of the Nolans Project, in addition to confirming alignment of the GLF with Green Loan Principles and that the rationale for issuing Green Loans is consistent with Arafura's sustainability objectives.

Disclosures relevant to the Responsible Business Practices element can be found in Appendix I (Tables 1-7)

Links to relevant materials:

- *Arafura Corporate Governance*
- *Board of Directors*
- *Anti-Bribery and Corruption Policy*
- *Code of Conduct*
- *Disclosure Policy*
- *Diversity Policy*
- *Risk Management Policy*
- *Securities Trading Policy*
- *Shareholder Communication Policy*
- *Statement of Company Values*
- *Whistleblower Policy*

[1] *Note that export credit agency undertakings are not binding and subject to due diligence.*

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“Being sustainable is caring about our communities and environment. We choose to make a difference and our impact on the world around us is our legacy. At Arafura, we believe in a sustainable future, and this guides our actions every day.”

Filipa
Marketing Analyst

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Climate Change

Arafura is committed to achieving specific emission reduction targets by 2030, 2040, and ultimately reaching net-zero emissions by 2050.

In January 2023, Arafura released the Nolans Project **Greenhouse Gas Emissions Reduction Pathway**, outlining how we intend to meet our 2050 Net Zero commitment. The pathway details a transition from combustion of natural gas for stationary power, which will be employed initially at the project's start-up and will be responsible for more than 90% of forecast emissions. Solar and wind generation and battery storage will be progressively introduced in support of achieving our previously announced target of a 30% reduction of the project's Greenhouse Gas (GHG) emissions by 2030. A subsequent transition to concentrated solar thermal generation with thermal energy storage for steam generation is planned to commence in 2030, with a transition to renewable fuels for firming power in 2040 (Figure 5).

The chosen net zero pathway is based on our current understanding of the project's energy requirements, forecast costs of emissions reduction options and assumptions on the maturity and pace of development of new emissions reduction technologies. Arafura anticipates that the pathway will evolve as the Nolans Project's requirements are further defined and emissions reduction technologies are identified, matured or reduce in cost.

The gas-fired power generation solution has evolved since the release of the FY22 Sustainability Report. Previously the project intended to generate electrical power from reciprocating engines and steam from package boilers. Subsequent analysis has demonstrated the energy use and emissions efficiency benefits of replacing this approach with an open cycle gas turbine for electricity generation coupled with a heat recovery steam generator to generate some of the required steam – an arrangement referred to as cogeneration. In FY23, Arafura made the strategic decision to adopt this cogeneration solution as the baseline design for the project's power plant. This is forecast to deliver a reduction in gas usage and emissions of approximately 29%[1] compared to the previous solution.

In July 2023 Arafura announced APA **(refer to ASX Announcement dated 31 July 2023)** as the preferred IPP for the Nolans Project. APA will operate under a build-own-operate model. GE will provide cogeneration power plant technology to APA and support the power and heat requirements of the project's processing facility. Contract negotiations between GE and APA are ongoing.

EES - Electrical Energy Storage
CST - Concentrated Solar Thermal
TES - Thermal Energy Storage

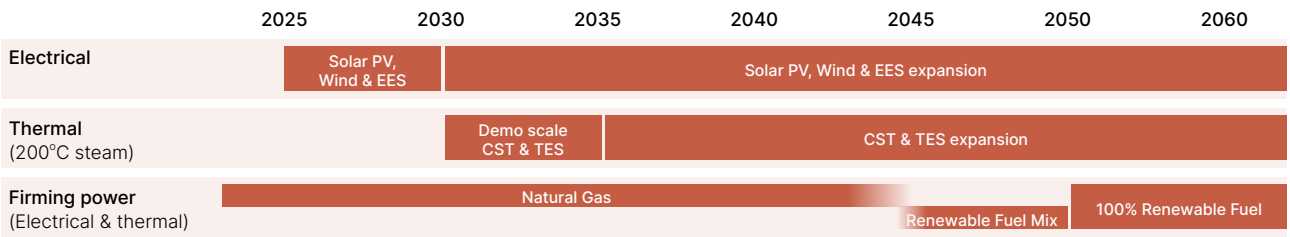

Figure 5. Approximate timeline for the implementation of the selected GHG emissions reduction pathway.

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Aligned SDGs

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Minimising greenhouse gas emissions from the Nolans Project is an important aspect of what Sustainability means at Arafura. Rare Earths processing is inherently energy intensive – while zero emissions production is a challenge, we know it is possible and that achieving net zero is a crucial milestone in Arafura becoming a truly sustainable business."

Max
Arafura Energy Advisor

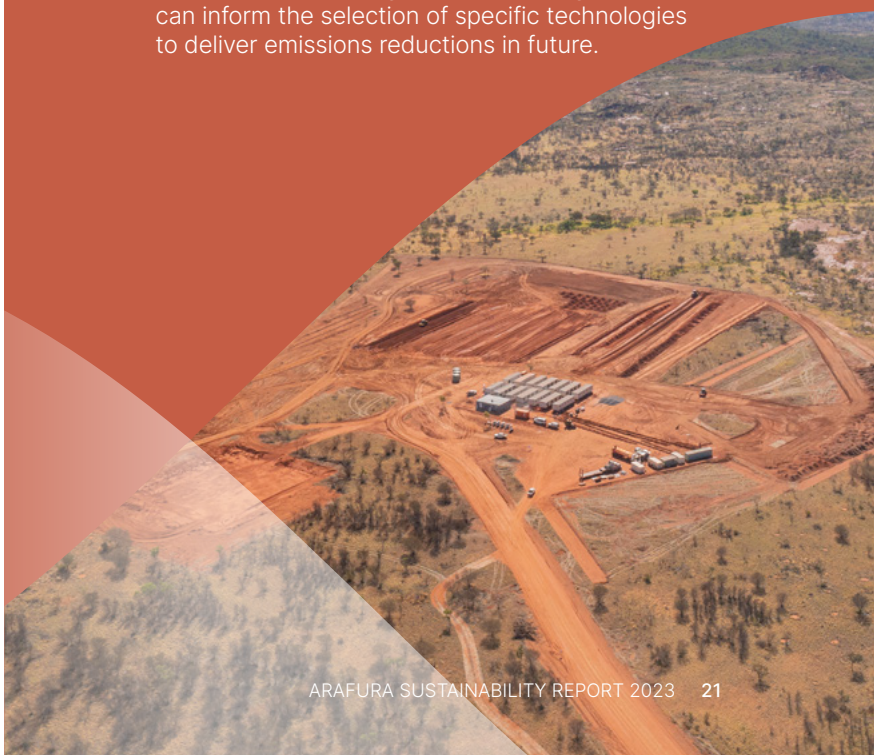
In support of our commitment to strategic planning for climate change, we have commenced initial steps towards addressing the Task Force on Climate-related Financial Disclosures (TCFD) recommendations tied to governance, strategy, risk management, metrics and targets. In the first half of FY24, Arafura is preparing to complete industry benchmarking on TCFD, assess actions and processes that Arafura already has in place, hold a cross-functional risk and opportunity assessment (to identify, assess, score and prioritise potential future impact of climate risks and opportunities) and use the results to develop an action plan.

Arafura is working with the CSIRO's Australian Solar Thermal Research Institute (ASTRI) to validate the concentrated solar thermal technology selected for implementation at the Nolans Project.

The work is being undertaken as part of the ASTRI Renewable Heat Industrial Decarbonisation (RHID) program. Accessing this program enables Arafura to work with leading experts within CSIRO on renewable industrial heat solutions and the resulting assessment is due in FY24.

The RHID program's objective is to support effective decision making in industry for investment in cost effective, low-emissions technology solutions. The work has three phases: (i) operational and energy use data collection; (ii) technology options analysis and (iii) technology deployment strategy. Since June 2023, the CSIRO RHID team have been working closely with the Arafura engineering team to work systematically through each of the phases.

Whilst the RHID program can be applied to industrial partners with no existing decarbonisation plans, for Arafura the existing published GHG Emissions Reduction Pathway has been used as the starting point for the CSIRO analysis. The RHID work will seek to validate the existing plan as well as provide additional details on the next steps for implementation. The approach is technology and supplier agnostic but can inform the selection of specific technologies to deliver emissions reductions in future.



[1] *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.*

Climate Change *cont.*

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As outlined in our FY22 Sustainability Report, we remain committed to full implementation of the TCFD recommendations by the end of FY25. In undertaking this effort, we are also preparing to align with the climate-related financial disclosure requirements anticipated to be introduced by the Australian Government. See Appendix 1 – Table 10 for our disclosures related to TCFD implementation.

Scope 1 and 2 GHG protocol emissions for Arafura and the Nolans Project for FY22 and FY23 are presented in Appendix 1 – Table 8 – Greenhouse gas emissions and Table 9 – Energy consumption. Scope 1 emissions refers to fuel usage (unleaded petrol and diesel) for transport and to generate stationary energy (e.g., in diesel generators). Scope 2 emissions refers to electricity that is sourced from an independent provider and used at any of Arafura's facilities.

Between FY22 and FY23, the total combined metric tons of carbon dioxide (CO_2) generated from Scope 1 and 2 emissions for Arafura and the Nolans Project increased from 69 tCO_2eq to 722 tCO_2eq. This increase is primarily due to early works at the Nolans Project site during FY23, which involved a number of light and heavy equipment vehicles. GHG emissions are anticipated to increase further from current levels following commencement of main construction activities.

Looking ahead

The next steps in Arafura's roadmap to building climate resilience within the Nolans Project include:

- Analysing the data from the sonic detection and ranging (SODAR) unit currently operating at the project site, to evaluate the wind resources available.
- Implementing various aspects of the current plant design features that will facilitate rapid incorporation of solar PV, wind and battery technology in future.
- Completing a study to determine the most appropriate mix of solar PV, wind and energy storage technology to deliver a 30% reduction in GHG emissions by 2030.
- Continued planning of a demonstration-scale renewable thermal energy generation and storage plant for implementation prior to 2030.
- Continuing implementation of TCFD requirements and preparing to address additional mandatory climate-related financial disclosure requirements as they are confirmed.

Disclosures relevant to Climate Change can be found in Appendix I (Tables 8-10).

Links to relevant materials:

- ***ASX Announcement - Appointment of Independent Power Provider (31 July 2023)***
- ***ASX Announcement - Greenhouse Gas Emissions Reduction Pathway (31 January 2023)***

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“

Sustainability for Arafura means aligning our efforts with the United Nations Sustainable Development Goals - ensuring our most beneficial contribution to the environment and communities, as well as reducing our ecological and carbon footprint to create better outcomes for the present and future generations.”

Gloria
Environmental Scientist

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Environmental Management

Arafura is committed to responsible mining and processing practices that minimise environmental impact. Protecting the environment is integral to our business and we are committed to ensuring we manage our environmental performance with the same rigor as the financial, production and safety aspects of our business.

In 2006, Arafura initiated an extensive program of cultural heritage and baseline environmental studies for the Nolans Project. These studies continued in subsequent years and formed the basis of the Nolans Project Environmental Impact Statement (EIS), which received Federal and Northern Territory Government approval in 2018 and 2019, respectively. All subsequent operational environmental planning and management requirements for the Nolans Project are drawn from the approved EIS and are also dependent on conditions of approval issued by the Federal and Northern Territory Governments.

In FY23, Arafura completed development of a detailed Mining Management Plan (MMP) and associated Environmental Management Plans, which describe how we will meet government-mandated approval conditions and minimise risk of environmental impact across key areas including:

- Biodiversity
- Water Management
- Radiation
- Tailings Storage
- Erosion and Sediment Control
- Dust and Noise
- Cultural Heritage
- Mine Closure and Rehabilitation

Following the submission of the MMP to the Northern Territory Government for review, Arafura was granted the Mining Authorisation for the Nolans Project in late 2022 (refer to ASX Announcement dated 15 November 2022). This approval completes the final stage of the Northern Territory Government's environmental approval process for the Nolans Project.

Water management

Arafura's Groundwater Extraction Licences, critical for Nolans Project water supply from the production bore field and pit dewatering, were approved by the Northern Territory Government in March 2023. Whilst none of the sourced groundwater originates from high or extremely high water stress areas, the groundwater extraction licenses will still require substantial management and attention to detail with ongoing monitoring, studies and modelling throughout the life of the project. Some of this work includes:

- The completion of a regional hydrocensus to document current and future groundwater users in the region, how much water they are extracting, and to determine suitable management measures to maintain these beneficial uses.
- Preparation of an adaptive management plan for groundwater that will include clear and measurable objectives that can be used to demonstrate that Arafura's groundwater extraction will not impact culturally significant groundwater dependent ecosystems (trees, plants, and animals that may utilise groundwater) or other groundwater users or communities.
- Development of an updated groundwater monitoring programme to support the adaptive management plan.
- Regular consultation with local Indigenous people and local landholders to seek feedback and present results and reports of Arafura's groundwater and environmental activities.

Looking ahead

Activities in the coming financial year to support Arafura's ongoing commitment to environmental compliance and protection will include:

- Remote sensing and soil moisture analysis to monitor the health of groundwater-dependent ecosystems.
- Update of the current groundwater model with groundwater extraction volumes and introducing predictive uncertainty analysis. This will generate a Class 2 model and ultimately improve Arafura's understanding of the potential for environmental impacts associated with groundwater extraction.

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Aligned SDGs

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The Northern Territory Government’s approval of the Nolans Project’s Mining Management Plan and associated environmental management plans validates the enormous amount of hard work undertaken over many years to complete a number of detailed environmental impact studies. The studies provide a framework – supported by our commitment to transparency and openness – that will ensure we minimise the impact of the Nolans Project on the unique Central Australian Arid Zone environment”.

Gavin Lockyer
Managing Director

- Installation of surface water hydrostations in ephemeral creeks that traverse the Nolans Project area, to support a long-term water quality monitoring program to preserve natural sediment and nutrient levels in downstream environments.
- Implementation of a comprehensive, site wide biodiversity monitoring program to safeguard vulnerable local species including the great desert skink (Liopholis Kintorei) and the central Australian rock-wallaby (Petrogale lateralis centralis) from potential indirect threats including weed encroachments, changes in fire regimes and predation.

Disclosures relevant to Environmental Management can be found in Appendix I (Tables 11-12).

Links to relevant materials:

- ***Environmental Impact Statement***
- ***ASX Announcement - Nolans Receives Mining Authorisation from NT Government (15 November 2022)***
- ***Arafura Approvals***

Great desert skink surveys by local Alice Springs ecologists

Biodiversity surveys play a crucial role in assessing and mitigating the potential impacts of activities associated with the Nolans Project. Surveys include pre-clearing assessments prior to any disturbance, with a particular focus on identifying threatened species such as the great desert skink (*Liopholis kintorei*). Throughout the year comprehensive pre-clearance walking surveys were conducted within known local habitat areas by Alice Springs ecologists and Arafura employees, surveying hummock grassland (*Triodia basedowii*) on sandplains within the project area. While no active skink burrows were immediately identified, potential burrow sites were monitored using motion-sensing cameras to verify findings. Additionally, general fauna observations and noteworthy findings were recorded and documented, contributing to a broader understanding of the area’s biodiversity. Survey findings will be integrated into the biodiversity management processes for the Nolans Project to ensure areas of sensitivity are avoided.

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Health and Safety

At Arafura the health, safety and wellbeing of our people is our highest priority and drives the values that support the way we do business. We are dedicated to fostering a culture where everyone demonstrates these values every day, through a collective sense of health and safety citizenship. This commitment is achieved through the dedication of our leaders, comprehensive training and education programs, and everyday actions to mature a culture of ownership and accountability throughout our organisation.

The development of Arafura's health and safety (H&S) journey saw noteworthy progress in FY23, maturing significantly as we commenced early works and had increased numbers of personnel on site during this time. Our H&S team expanded throughout the year, with the team dedicated to engagement and effective onboarding of increased staff and contractors.

The development and implementation of the Arafura safety maturity model underpinned these works. Our key focus areas were leadership and engagement, risk management, work planning and execution, and learning. We applied significant effort to mature the processes, procedures and systems of the Arafura Health and Safety Management System (SMS). Specific progress on the SMS included the development and implementation of a Workplace Health and Safety Project Management Plan (Construction), Principal Hazard Management Plan, Front End Loading for Workplace Health and Safety, Crisis Management Plan and Mentally Healthy Workplace Plan. These elements of the SMS provide Arafura's leadership team and Board with clear line of sight in relation to project safety performance and establish the feedback loops necessary to meet compliance and assurance objectives.

Arafura's commitment to H&S extends to comprehensive first-aid and mental health first aid training as well as other key training programs such as H&S inductions, risk and hazard identification, supervisor leadership, fire warden and SMS training programs. Nine participants completed a two-day mental health first aid training course, which emphasises the importance of mental wellbeing alongside physical health. Such initiatives demonstrate the strong commitment from the leadership team to all aspects of workforce H&S, sets a positive example for the entire organisation and supports all employees in caring for each other. It also supports establishment of a safety-citizen model, in which individuals are encouraged to make a conscious choice to go above and beyond their duties to improve the safety of everyone in the organisation.

Looking ahead

In FY24, Arafura will continue to prioritise the wellbeing of our employees and ensuring a safe working environment is implemented. We are committed to a full site-based roll-out of the Sense safety platform and further building the safety culture. Additionally, Arafura will invest in crisis preparedness training for its workforce, equipping employees with the knowledge and necessary skills to respond effectively to unexpected challenges.

Figure 6. Arafura personnel completing mental health first aid training with provider Beyond All Bounds. L-R Ben (instructor), Jinga, Ally, Graeme, Nicolé, Sophie and James.

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Aligned SDGs

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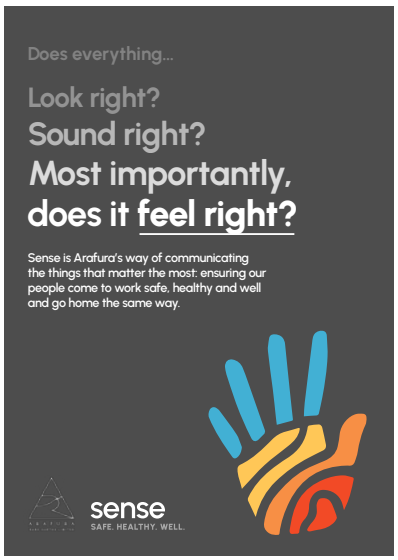
At Arafura we are engaged and actively care about the health, safety and wellbeing of our people. As a company value this is demonstrated every day and in every interaction we have with our people, contractors and project stakeholders. Our safety culture and health, safety and wellbeing programs have been incredibly rewarding and I am so impressed by the leadership of our Board, senior leadership team and our office and site-based teams in supporting our safety aspirations and success to date."

Andrew
Health and Safety Manager

Figure 7. Poster promoting Arafura's new Sense safety, health and wellbeing platform.



Disclosures relevant to Health and Safety can be found in Appendix I (Tables 13-14).

Links to relevant materials:

- ***Environmental Health and Safety at Arafura***

New Sense safety, health and wellbeing platform

Arafura has launched a bespoke safety, health and wellbeing platform, Sense, to communicate and promote workplace health and safety initiatives throughout our business and to our external stakeholders. The platform and its messaging move away from traditional 'command and control' approaches to safety communications, instead encouraging audiences to take a proactive role in creating a safety and wellbeing culture. The Sense platform reflects a philosophy of shared responsibility for safety and wellbeing, in which each individual is charged with contributing to a greater good that in turn protects and uplifts the entire workforce. Implementation of on-site health and safety processes are critical and will be supported through in-field leadership, coaching and mentoring. In addition, programs and creative assets will be delivered with the aim of engaging audiences meaningfully to mature and embed a sustainable safety culture, at every level of our business.

sense
SAFE. HEALTHY. WELL.

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People and Culture

Arafura workplaces are inclusive environments where diversity is valued. Encouraging clear and direct communication is central to building a collaborative, accountable and respectful culture where we all work together on a shared purpose.

In FY23, Arafura embarked on a significant recruitment effort to support the company's early works schedule. Of the 36 new hires in FY23, 66% identified as 'male', 31% identified as 'female' and 3% as 'other'. This included sourcing and engaging talent in a variety of new positions such as three additional, full-time sustainability-related professional positions, and additional procurement roles in Alice Springs and Perth.

Arafura has set an employment commitment of 4% Indigenous employees and 10% local employees from Central Australia during the construction. In FY23, Arafura engaged two team members who identify as Aboriginal and/or Torres Strait Islander, raising the representation to 3%. A higher aspirational target of 20% Indigenous employment has been set for the operations phase.

Ongoing development of our people is a key focus for Arafura. During FY23, a total of $263,097 was invested in staff training.

Arafura is also committed to fostering an inclusive culture where diversity is celebrated and every employee is made to feel valued and respected. During FY23, events and awareness campaigns were held to celebrate diversity (e.g., International Women's Day, Harmony Week and NAIDOC Week) and diversity hiring initiatives were implemented, to continue building a culture that is inclusive of all of our personnel in both the office and site environments.

New people-related policies were implemented during FY23, including the introduction of company-funded paid parental leave and the payment of superannuation on unpaid parental leave, to support parents to have time off with their children and promoting employee wellbeing, whilst not being financially disadvantaged in the longer term as a result. In line with a commitment to supporting healthy work-life balance and family support for all employees, we promote flexible working arrangements for our employees.

Arafura also encourages a culture of giving back to the community through participation in charitable events and activities. This year, initiatives included a tree planting day and in-office support for organisations including Cancer Council Australia, Jeans for Genes Day, Movember and Dress for Success.

Looking ahead

In the coming year, growth initiatives within People and Culture will include the formalisation of leadership and professional development programs and ongoing maturation of training, compliance, remuneration and goal alignment processes.

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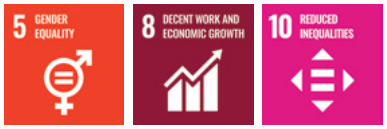
Aligned SDGs



As part of International Women's Day celebrations, our team participated in a survey that asked the question, "what is Arafura doing well?" Below is a selection of comments from that survey.

"Recruitment"

"No perceived gender bias for hiring"

"Supporting the development of women"

"Offering opportunities for women in leadership positions"

"Representation across multiple disciplines and areas"

"Building an attractive environment where people want to work"

"Initiatives to improve diversity in the workplace"

"Generating open dialogue"

"

Sustainability is a core value at Arafura that guides our decisions and actions, and a source of inspiration that motivates us to do better. We believe that sustainability is not only good for the planet, but can create value for our customers, employees, shareholders, and communities."

Tapio
Package Lead Power Station

Disclosures relevant to People and Culture can be found in Appendix I (Tables 15-19).

Fostering conscious communication

Since 2020, Arafura has regularly tested the pulse of our workforce via team engagement software. This provides a platform for personnel to provide anonymous feedback and the opportunity to influence how we continuously evolve and improve our people.

Direct action from this feedback was the delivery of a half-day workshop on communication for all team members – albeit with a twist. BullShift provides training on "conscious communication", which involves bringing mindfulness, self-awareness and emotional intelligence to everyday communication, in scenarios such as giving and receiving feedback, facilitating meetings, sending clear emails, making effective requests and resolving conflicts before they escalate.

The team highly enjoyed learning practical and robust communication techniques from light-hearted, relaxed facilitators who could infuse some comedy into an otherwise heavy topic.

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Indigenous Partnerships

Arafura is committed to fostering indigenous partnerships that deliver meaningful, sustainable outcomes for First Nations people. We are proactive in creating these opportunities through our services and business operations to enhance the wellbeing and prospects of all First Nations people in communities local to our operations.

At Arafura, we recognise, respect and seek to work in partnership with First Nations people and understand their importance as the Traditional Owners of the respective lands we operate upon. The Traditional Owners of the lands where the Nolans Project is located are the Anmatjere People, based near Aileron and at Alyuen.

In 2020, Arafura entered into a Native Title Agreement with the Nolans Project's Traditional Owners, marking a significant step in our commitment to Indigenous partnerships **(refer to ASX announcement 2 March 2020)**. The terms of the Native Title Agreement include multiple opportunities to build lasting relationships between native title holders and Arafura including:

- Cultural awareness induction and training for all Arafura personnel, including our site-based workforce and employees in our corporate offices.
- Development and delivery of initiatives to deliver employment, training and business opportunities for all First Nations people including local Native Title holders.
- Sharing of information between Arafura and Native Title holders to ensure agreed commitments are met.

The Native Title Agreement also provides for compensation payments for the benefit of Native Title holders in recognition of the impacts of the project on their native title rights and interests. Arafura continues to engage in purposeful discussions with the Central Land Council (CLC) to determine how best our ongoing aspirations for excellence in this area can be achieved.

Resources established to maintain crucial relationships include a Community Engagement Manager based in Alice Springs. We are actively exploring commercial and capacity-building opportunities in collaboration with the Northern Territory Indigenous Business Network, including support for Indigenous trainers, businesses, and mentorship programs. Cultural training, as outlined in the Native Title Agreement, is progressing into delivery. Input from the Traditional Owners, in consultation with the CLC, will be significant in shaping the final design of the training.

Indigenous Workforce

Arafura recognises the sustainable development of an Indigenous workforce as a critical measure of success for the Nolans Project. Employment opportunities associated with the Nolans Project will deliver a range of direct benefits to surrounding communities and contribute to broader positive long-term social and economic outcomes for the region. The Nolans Project's long mine life aims to facilitate intergenerational opportunity creation and provide a base for ongoing career development, while allowing people to remain local and retain connections to their communities and country.

Arafura has demonstrated an enduring commitment to developing a local and Indigenous workforce with the creation of the Arafura Local and Indigenous Multi-Generational Workforce Program. The program is informed by engagement with local, Territory and Federal governments, Indigenous and non-Indigenous organisations, education and training providers, industry, communities, traditional owners, local, regional, Northern Territory and Australian businesses and service providers.

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Aligned SDGs

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Arafura has a proud and enduring legacy of meaningful engagement with our First Nations stakeholders. We continued this over the past 12 months with the development of our workforce program, which will guide how we create long-term training and employment opportunities to directly benefit Indigenous businesses and community members throughout the greater Alice Springs region."

Stewart
Manager Northern Territory

Looking ahead

In the coming year, Arafura's engagement framework will continue to mature through the establishment of a more robust governance structure and introduction of liaison and advisory committees, to facilitate broader dialogue on a range of matters related to the Nolans Project.

Disclosures relevant to Indigenous Partnerships can be found in Appendix I (Table 21).

Links to relevant materials:

- ***ASX Announcement - Native Title Agreement Executed for Nolans Project (26 June 2020)***

Employing local

Arafura is proud to maintain strong relationships with our contractors and the meaningful opportunities these partnerships can create for communities local to the Nolans Project. Alice Springs business, Hardy Fencing, employed crew members from the local communities of Laramba, Ti Tree and Six Mile during the year to successfully deliver a range of fencing services on site at the Nolans Project.

Figure 8. Warren, Darrell, Stephen, Charles, Justin, Shannon, Enosh and Ian from the Hardy Fencing team completed fencing work at the Nolans Project site.

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Supply Chain

Arafura seeks to lead suppliers toward improved ethical, social and environmental practices. We strive to source local products and services from businesses local to the Nolans Project to maximise economic and social benefits for Alice Springs and surrounds, elsewhere within the Northern Territory and more broadly within Australia where possible.

Local procurement

A sustainable supply chain for Arafura is crucial to mitigating the environmental and social impacts of our operations, maximising local procurement opportunities, driving responsible sourcing practices and ensuring the long-term viability of our operations. Arafura recognises the importance of sustainable practices and implements various initiatives and processes to create sustainable supply chains.

We prioritise local sourcing of goods and services to stimulate and support local businesses and communities in areas where we operate. Our connection to local businesses and services in the Northern Territory was enhanced during FY23, with the employment of a new purchasing role based in our Alice Springs office responsible for identifying and evaluating potential local suppliers and building and maintenance of relationships with these vendors.

Arafura has a "buy local first" approach to procuring goods and services, focused primarily on availability in Alice Springs, followed by the broader Northern Territory and wider Australia before looking overseas. In FY23 a range of office and safety equipment and general consumables were sourced from Alice Springs. Mining plant materials from Australian suppliers and manufacturers were also procured.

Moving into construction, the Nolans Project aims to have a high local content target. Australian businesses will also be involved in earthworks, road works, construction, transport and logistics, and preparing the site for mining by removing overburden. It is estimated that 8% of construction spend during the 2.5 years of construction will be from the Northern Territory, including a 5.9% spend in the Alice Springs region. This is equivalent to an estimated $148.5 million of spending in the Northern Territory including $110.1 million in the Alice Springs region.

We maintain a register of local suppliers, including Indigenous companies registered through the Office of the Registrar of Indigenous Corporations. Procurement and contracting opportunities associated with the Nolans Project are promoted via the local business engagement portal **ICN Gateway**, streamlining expressions of interest, maximising local content and supporting the implementation of second- and third-tier supply opportunities. Suppliers can register and be notified of all new work packages and contract awards, express interest in tender opportunities, and review work packages via this portal. Additional information on how suppliers can engage with Arafura and the Nolans Project is outlined on our **website**.

The Nolans Project will result in job creation in the form of direct and indirect employment. Furthermore, there will be flow on jobs that are created by additional spending in the economy on goods and services, including wages, to construct and operate the project. Early in 2022, a Northern Territory roadshow was conducted in Alice Springs, Ti Tree, Tennant Creek, Katherine, Darwin and online to share opportunities associated with the Nolans Project. Our team provided a briefing to stakeholders including local businesses, contractors, suppliers and education and employment organisations about project status, sustainability commitments and contracting strategy. This was the first step to achieving Arafura's commitment to deliver community and economic benefits by supporting local businesses, creating more jobs in the region and supporting a more skilled workforce.

Supplier self-assessments

During FY23, self-assessment questionnaires for suppliers were instituted as part of all tender returnable schedules for the Nolans Project, requiring submissions to include responses related to modern slavery, sustainability and local engagement, and quality assurance.

Ethical sourcing

Arafura is committed to ethical sourcing practices, placing a strong emphasis on supply chain transparency. Responsible sourcing is a core principle, and we prioritise suppliers who adhere to ethical and sustainable practices. None of Arafura's operations or key suppliers are associated with significant risks or incidents related to child labour or forced/compulsory labour. Arafura's direct activities are located exclusively within Australia, which is considered a low-risk location.

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Aligned SDGs

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Arafura is committed to ensuring products and services forming the business's supply chain are obtained in an ethical way, which includes upholding rights, decent working conditions, health and safety, good business ethics and more."

Ian
Procurement & Contracts Manager

Continuous improvement

Arafura is committed to continuous improvement. We regularly review and update our supply chain practices based on evolving industry standards and stakeholder expectations. Such a commitment to sustainability is increasingly important in the mining industry, where responsible practices are essential for securing social license to operate and maintaining profitability in the long term.

Looking ahead

Arafura is advancing its supply chain for the Nolans Project by incorporating sustainability criteria into award packages, ensuring compliance through facility inspections, and closely monitoring performance with monthly reports. Operationally, Arafura will actively research potential long-term partners in the market, ensuring alignment of their values and ethical standards with ours, through a review of sustainability statements. Once suitable partners are identified and criteria are formalised, Arafura plans to enter into long-term agreements, ensuring a strong and responsible supply chain for the future.

Disclosures relevant to Supply Chain are in development and will be reported in future years.

Links to relevant materials:
- *Nolans Project ICN Gateway*
- *Arafura website – Engaging with the project*
- *Nolans Project Roadshow Presentation*
- *Nolans Project – Execution and Contracting Strategy*
- *Nolans Project – Minor Contract*
- *Nolans Project – Mid-tier Contract*
- *Nolans Project – Major Contract*

A commitment to local businesses in the Northern Territory

Facilities services provider ESS has worked alongside Arafura since early 2022, conducting four recruitment drives in Alice Springs and Darwin that have connected the team to over 80 job seekers from across the region. A visit to Ti Tree in early 2023 allowed ESS to speak directly to Indigenous community leaders and potential job seekers about employment opportunities associated with the Nolans Project. Discussions included best practices for communication and engagement between parties, sharing the types of jobs on offer, and requirements for applications. ESS connected with several local businesses in and around Alice Springs, looking at subcontract opportunities associated with security, facilities maintenance, pest control, bus driving and transport, and grounds and weed control.

Some instances of where these connections have translated into tangible opportunities include:

- Collaborating with a security firm based in Alice Springs to initiate operations as soon as construction begins. This partnership will see the security company, previously uninvolved in the mining sector, receive training from Compass Group's Omega Security. This training will also equip them to broaden their service portfolio beyond the Nolans Project.
- Forging an additional partnership with a bus transportation company to provide transportation services to the Nolans Project village, the mine site, and the city of Alice Springs. This collaboration strongly emphasises local hiring in the Alice Springs area.

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Stakeholders and Communities

At Arafura, we recognise that our achievements are closely tied to the health and prosperity of our local communities and the valuable connections we establish with our stakeholders. We're deeply committed to fostering trust, cooperation and positive change through transparent communication, responsible actions, and well-planned investments.

Arafura's longstanding commitment to best practice community and stakeholder engagement continued throughout FY23. During the year, new team members were recruited to deliver the company's community engagement and stakeholder relations activities including a Sustainability Manager, a Northern Territory Manager, and a Community Engagement Manager – an investment in human resources that highlights our intent to excel in this area.

Throughout the year Arafura continued to support community-focused events and organisations through our Community Investment Fund – our financial resource for individuals and organisations seeking up to $5,000 in one-off sponsorship support. The Fund provides support for organisations and initiatives that can demonstrate meaningful alignment with one or more of five investment pillars: environment, education, health and safety, sport, and culture and heritage. A great example of an existing program supported by the Fund is Reading and the Arts - an initiative to provide books and creative materials to local primary schools to enhance children's educational outcomes and literacy through creative arts interventions.

In FY23 we also began the process of designing our larger scale community program framework, which will guide the development and delivery of community-focused initiatives. Arafura will adopt a consultative approach to co-designing this framework and the resulting programs, working in collaboration with a range of stakeholders to ensure the result meets the real needs and aspirations of our local community members.

While Arafura's community program development is in its early stages, We have been actively developing a comprehensive strategy to coordinate how these funding programs are governed and how funding is awarded and disbursed. It will align with our strategic directives and involve collaboration with, and input from a range of stakeholders, reflecting our genuine willingness to foster and mature meaningful partnerships as the Nolans Project transitions from planning to delivery.

Looking ahead

In the upcoming year, Arafura will enhance its corporate responsibility and transparency efforts by maturing our stakeholder engagement processes, governance and reporting.

Aligned SDGs

"At Arafura, we value sustainability because we want to protect the environment for the future and provide diverse opportunities for local communities. Great sustainability means going beyond just reducing environmental impact and conserving resources; it involves a strong commitment to the environment, society, and the economy within our community, aiming for an encouraging and holistic impact."

Carmen
Procurement Lead

Disclosures relevant to Stakeholders and Communities can be found in Appendix I (Table 20).

Appendices

Appendix I — Disclosures

Appendix II — GRI Index

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Appendix I — Disclosures

Sustainability Element - Responsible Business Practices

Table 1 Governing body

Board Member	Role	Independence	Tenure as at 30 June 2023	Number of other significant positions and commitments, and the nature of the commitments	Gender	Membership of under-represented groups	Stakeholder representation
Mark Southey	Non-Exec. Chairman	Independent	5 years and 5 months	Independent Non-Exec. Director - Fleetwood Corp. (ASX: FWD)	M	No	No
Gavin Lockyer[1]	Managing Director and Chief Executive Officer	Non-independent	9 years and 11 months	None	M	No	No
Chris Tonkin	Non-Exec. Director	Independent	12 years and 6 months	None	M	No	No
Cathy Moises	Non-Exec. Director	Independent	3 years and 7 months	Chairman - Pacgold Ltd; Non- Exec. Director - WA Kaolin Ltd; Non-Exec. Director - Australian Potash Ltd; Non-Exec. Director - Podium Minerals Ltd	F	Yes	No
Darryl Cuzzubbo	Non-Exec. Director	Independent	1 year and 8 months	None	M	No	No

[1] *Note that Gavin Lockyer joined Arafura in 2006 as Chief Financial Officer and Company Secretary.*

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Table 2 Anti-bribery and anti-corruption

DISCLOSURE	FY22	FY23
Total % of the Board members (executive and non-executive), Senior Leadership and board committees that have received anti-corruption training	0%	0%[1]
Total % of employees that have received anti-corruption training	0%	0%[1]
Total % of business partners that have received anti-corruption training	0%	0%[1]
Total % of Board members and employees who have received a copy of the Anti-Bribery and Corruption Policy	100%	100%
Total number of confirmed corruption incidents that relate to previous years	0	0
Total number of confirmed corruption incidents that relate to the current FY	0	0
Nature of each of the corruption incidents confirmed	Not applicable	Not applicable
Total number of public legal cases regarding corruption brought against the organisation or its employees during the reporting period	0	0

[1] *In the Arafura FY22 Sustainability Report we committed to ensuring the Board, executives and senior staff undertake anti-corruption training in 2023. The training and process for ongoing implementation is on track to commence by the end of the 2023 calendar year.*

Table 3 Ethical and lawful behaviour

DISCLOSURE	FY22	FY23
Internal mechanisms for seeking advice about ethical and lawful behaviour and organisational integrity.	There is a commitment from the Board, Management and staff to adhere to Arafura's values. Internal mechanisms and points of contact are described in Arafura Rare Earths Limited Code of Conduct, Whistle-blower Policy, and Securities Trading Policy. All staff, upon commencement of employment, are required to acknowledge these policies and are re-sent the policies annually for acknowledgement. Staff also have access to Arafura's Employee Assistance Program.	As per FY22
External mechanisms for seeking advice about ethical and lawful behaviour and organisational integrity.	The external mechanisms for seeking advice are described in Arafura's policies as noted above, in particular the Whistle-blower Policy.	As per FY22
Internal mechanisms for reporting concerns about unethical or unlawful behaviour and lack of organisational integrity.	The internal mechanisms for reporting concerns are the same as those for seeking advice and are described in Arafura's policies.	As per FY22
External mechanisms for reporting concerns about unethical or unlawful behaviour and lack of organisational integrity.	The external mechanisms for reporting concerns are described in Arafura's policies as noted above, in particular the Whistle-blower Policy.	As per FY22
Total number of legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant	None	None

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Sustainability Element - Responsible Business Practices *cont.*

Table 4 Economic contribution

DISCLOSURE	FY22	FY23
Revenue	$0	$0
Operating costs[1]	$28 million[2]	$86 million
Employee wages and benefits (direct employees only)	$2.8 million	$3.85 million
Payments to providers of capital	$0	$0
Payments to government	$0	$497,113[3]
Total monetary value of financial assistance received by Arafura from any government during the FY reporting period.	$0	$30 million granted, of which $6 million actioned
Profit	Not disclosed	$0

[1] *Whilst the Nolans Project is not in operation phase, the operating costs refer to Nolans Project Development expenses, as captured in the Annual Report (Refer to Profit and Loss Statement)*
[2] *Previously reported as $27 million*
[3] *Payments to the Northern Territory Government, primarily relating to tenement holdings and security levies*

Table 5 Taxes Paid

TO BE DISCLOSED	FY22	FY23
Corporate income tax	$0	$0
Property tax	$0	$0
Net GST Paid	$50,057[1]	$166,092
Other sales tax	$0	$0
Employer-paid payroll taxes	FBT: $4369 Payroll tax: $353,610 PAYG: $1,325,724	FBT: $33,665 Payroll tax: $394,379 PAYG: $1,661,087

[1] *Note that this is the net GST paid. In FY22, $3,175,613 was reported - this was a total GST paid, which did not account for the amount that Arafura was refunded.*

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Table 6 Financial investments

DISCLOSURE	FY22	FY23
CapEx minus depreciation spent in FY	$146,407[1]	$252,287[2]
Share buy backs	0	0
Dividend payments	$0	$0

[1] *Note that this is a change from $0 reported in FY22*
[2] *Please refer to 2023 Annual Report - Property Plant and Equipment. Note that this does not include any capital expenditure on the project. All development costs in relation to the Nolans Project are expensed to profit and loss as 'project costs', until such time as a Final Investment Decision is made.*

Table 7 Total R&D expenses

DISCLOSURE	FY22	FY23
Total spent on R&D in FY	$313,973 of which Arafura received a tax refund of $152,277	Estimated expenditure of approximately $435,000, of which Arafura expect to receive a tax refund of approximately $210,000. Note that the FY23 return had not been lodged at the time of preparation of this report.

Sustainability Element - Climate Change

Table 8 Greenhouse gas emissions

TO BE DISCLOSED	FY22	FY23
Metric tons of carbon dioxide equivalent GHG Protocol Scope 1 and Scope 2 emissions.	69 tCO_2eq	722 tCO_2eq
Gross direct (Scope 1) GHG emissions in metric tons of CO_2 equivalent	12 tCO_2eq	678 tCO_2eq
Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO_2 equivalent	57 tCO_2eq	44 tCO_2eq

Table 9 Energy Consumption

TO BE DISCLOSED	FY22	FY23
Total fuel consumption from non-renewable sources, in joules or multiples (include fuel types used)	Not disclosed	9,662 GJ
Total fuel consumption from renewable sources, in joules or multiples (include fuel types used)	Not disclosed	0
In joules, watt-hours or multiples, the total:		
Electricity consumption	Not disclosed	75,076 kWh
Heating consumption	Not disclosed	0 kWh
Cooling consumption	Not disclosed	0 kWh
Steam consumption	Not disclosed	0 kWh
Total	Not disclosed	75,076 kWh
Total energy consumption within the organisation, in joules or multiples	Not disclosed	9,933 GJ

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Table 10 TCFD Implementation

TO BE DISCLOSED	FY22	FY23
Have you fully implemented the recommendations of the TCFD?	No	As per FY22
When will Arafura implement TCFD?	Arafura will fully implement the recommendations of the TCFD in 2025.	As per FY22
Have you set GHG Emissions target aligned with the Paris Agreement?	Yes. Arafura commits to become Net Zero by 2050 in accordance with the Science Based Targets initiative (SBTi), which requires emissions reductions in line with the goals of the Paris Agreement.	As per FY22

Sustainability Element - Environmental Management

Table 11 Freshwater availability

DISCLOSURE	FY22	FY23
Total water withdrawn by Arafura in FY in on site operations (in ML) and broken down by:	0	6 ML
• Portion of water withdrawn in high or extremely high-water stress areas	0% - None of Arafura's operations are within areas of high or extremely-high water stress.	As per FY22
• Total water discharge to all areas (in ML)	0	0

Table 12 Biodiversity

DISCLOSURE	FY22	FY23
Total number of IUCN Red List species and national conservation list species with habitats in areas affected by the operations of Arafura, by level of extinction:	• Critically endangered: 0 • Endangered: 0 • Vulnerable: 2 (Central Australia Rock Wallaby (*Petrogale lateralis centralis*), Great Desert Skink (*Liopholis kintorei*). • Near threatened: 0 • Least concern: 0	As per FY22
Number of sites owned, leased or managed that are in or adjacent to key biodiversity areas (and the hectares of each site).	• One site owned. Perth Office - Head Office is in the CBD of Perth, Western Australia, within the Northern Swan Coastal Plain. www.keybiodiversityareas.org/site/factsheet/26933 • Total ha of site is: 0.06 ha.	As per FY22

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Sustainability Element - Health and Safety

Table 13 Health and safety performance

DISCLOSURE	FY22	FY23
Number (and rate) of fatalities in FY in Arafura's employees and contractors	0	0
Number of 'high consequence' injuries in FY in Arafura's employees and workers	0	0
Number of recordable work-related injuries in FY in Arafura's workers	0	1 Medical Treatment Injury (MTI)
Types of work-related injuries	Not applicable	Human Energy
Total number of hours worked by Arafura employees and contractors in FY	66,873	147,877 (Integrated Project Management Team (IPMT) and Non Process Infrastructure (NPI), Hatch January – July) Specific contractor data is unvalidated at 4,731
Does Arafura provide access to non-occupational medical and healthcare services?	Yes. All employees have access to an employee assistance program (EAP).	Yes. All employees have access to an employee assistance program (EAP).
What is the scope of the access provided?	To deliver a range of services for work or non-work-related issues designed to enhance employee wellbeing using counselling, prevention, and intervention strategies.	As per FY22
How does Arafura facilitate this access?	Access is provided through an operated 24-hour phone service.	As per FY22
Number and percentage of all employees and contractors who are covered by an OH/S management system	Not disclosed	Employees 78 (100%)[1] Contractors 53 (100%)[2]

[1] *Inclusive of 53% embedded contractors.*
[2] *Inclusive of all non-embedded contractors.*

Table 14 Health and safety training

DISCLOSURE	FY22			FY23		
	Number of people	Total	Av. per person	Number of people	Total	Av. per person
H&S training provided	Not disclosed	Not disclosed	Not disclosed	251	251[1]	1 hour

[1] *Includes site-based safety training. Note that all other safety related training for employees and embedded contractors is captured in Appendix I - People and Culture, Table 18 Training and Performance Reviews*

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Sustainability Element - People and Culture

Table 15 Diversity and inclusion

DISCLOSURE		FY22	FY23
Percentage by employee category[1]			
	Full-time	76%	63%
	Part-time	7%	6%
	Casual	4%	0%
	Contractor	13%	29%
	Fixed Term	Not disclosed	1%
Percentage by gender			
	Male	67%	68%
	Female	33%	31%
	Other	0%	1%
Percentage of employees per age group			
	18 – 30 years old	20% (reported as under 31)	18%
	31 - 50 years old	52%	55%
	51 - 70 years old	28% (reported as over 50)	27%
	Over 70 years old	Not disclosed	0%
Percentage by other diversity measures			
	Indigenous	0%	3%
Percentage of individuals within the organisation's governance bodies by gender			
	% of all employees in governance body	Not disclosed	14%
	% of males in governance body	Not disclosed	17%
	% of females in governance body	Not disclosed	8%
Percentage of individuals within the organisation's governance bodies by age group			
	18 – 30 years old	Not disclosed	7%
	31 - 50 years old	Not disclosed	16%
	51 - 70 years old	Not disclosed	14%
	Over 70 years old	Not disclosed	0%
Total number of incidents of discrimination during the reporting period		Not disclosed	0

[1] *In FY23, 53% of people were employed by outside organisations on a secondment basis to Arafura (embedded contractors), but are considered employees for reporting if they source all of their income through working on the Nolans Project.*

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Table 16 Pay equality

DISCLOSURE	FY22		FY23	
	BASE SALARY	TOTAL REMUNERATION	BASE SALARY	TOTAL REMUNERATION
Ratios of pay – full time employees				
Male : Female	146%	147%	175%	185%
Under 31 years old : 31-50 years old	57%	57%	197%	201%
31-50 years old : 51 - 70 years old	76%	76%	79%	73%
Ratios of pay – contractors				
Male : Female	Not disclosed	Not disclosed	129%	129%
Under 31 years old : 31-50 years old	Not disclosed	Not disclosed	109%	109%
31-50 years old : 51 - 70 years old	Not disclosed	Not disclosed	80%	80%

Table 17 Wage levels

DISCLOSURE		FY22	FY23
CEO total remuneration as a percentage of median total remuneration of employees		242%	289%
Ratio of Lowest Wage to Minimum Wage[1]			
Male	Full-time - Lowest wage : minimum wage	1.4	1.5
	Part-time - Lowest wage : minimum wage	1.1	Not applicable
	Casual - Lowest wage : minimum wage	3.2	Not applicable
	Contractor – Lowest wage : minimum wage	Not applicable	2.3
Female	Full-time - Lowest wage : minimum wage	1.2	1.2
	Part-time - Lowest wage : minimum wage	1.6	1.9
	Casual - Lowest wage : minimum wage	1.7	Not applicable
	Contractor – Lowest wage : minimum wage	Not applicable	1.7

[1] *Minimum wage based on the Australian Mining Industry minimum wage: full-time = AUD$23.05; part-time = AUD$23.05; casual = AUD$28.81. The disclosures provided above for 2023 assume 1,950 hours per annum.*

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Sustainability Element - People and Culture *cont.*

Table 18 Training and performance reviews

DISCLOSURE	FY22			FY23		
	Number of people	Total	Av. hours per person	Number of people	Total	Av. hours per person
Training provided by employee category						
Full-time	35	1338	38	50	1108	23
Part-time	3	18	6	5	37	7
Casual	2	41	21	0	0	Not applicable
Contractor	6	0	0	23	184	8
Training provided by gender						
Male	31	1028	33	53	1033	20
Female	15	369	25	24	296	12
Other	0	0	0	1	0	0
	Number of people	Total expenditure	Av. Expenditure per person	Number of people	Total expenditure	Av. Expenditure per person
Training and development expenditure						
Full-time	35	$5,672	$162	50	$223,667	$4565
Part-time	Not Disclosed	Not Disclosed	Not Disclosed	5	$4,849	$970
Casual	Not Disclosed	Not Disclosed	Not Disclosed	0	$0	$0
Contractor	Not Disclosed	Not Disclosed	Not Disclosed	23	$34,581	$1504
	Number of people	% of gender		Number of people	% of gender	
% of total employees by gender who received a regular performance and career development review during the reporting period						
Male	ND	ND		40	75%	
Female	ND	ND		22	92%	
Other	ND	ND		1	100%	
% of total employees by employee category who received a regular performance and career development review during the reporting period						
Full-time	ND	ND		48	96%	
Part-time	ND	ND		4	80%	
Casual	ND	ND		0	0%	
Contractor	ND	ND		11	48%	

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Table 19 Absolute number and rate of employment

DISCLOSURE	FY22			
	# of new hires	% of new hires	# of employees who left	% of employees who left
Number of new and leaving employees by gender				
Male	7	50%	24	67%
Female	7	50%	2	33%
Other	0	0%	0	0%
Total	14		6	
Number of new and leaving employees by age				
Under 31	3	21%	1	17%
31-50 years old	8	57%	4	67%
Over 50 years old	3	21%	1	17%
Total	14		6	
Number of new and leaving employees by other diversity measures				
Indigenous	0	0%	0	0%

	FY23			
	# of new hires	% of new hires	# of employees who left	% of employees who left
Number of new and leaving employees by gender				
Male	24	67%	6	43%
Female	11	31%	8	57%
Other	1	3%	0	0%
Total	36	100%	14	100%
Number of new and leaving employees by age				
18 – 30 years old	8	22%	2	14%
31 - 50 years old	19	53%	11	79%
51 - 70 years old	9	25%	1	7%
Over 70 years old	0	0%	0	0%
Total	36	100%	14	100%
Number of new and leaving employees by other diversity measures				
Indigenous	2	6%	0	0%

Sustainability Element - Stakeholders and Communities

Table 20 Community investment

DISCLOSURE	FY22	FY23
Community investment	Minor sponsorship and donations	$17,500

Sustainability Element - Indigenous Partnerships

Arafura is working towards disclosure on this Sustainability Element.

Table 21 Number of identified incidents of violations involving the rights of Indigenous peoples

DISCLOSURE	FY22	FY23
Total number of identified incidents of violations involving the rights of Indigenous peoples during the reporting period	0	0

Sustainability Element - Supply Chain

Arafura is working towards disclosure on this Sustainability Element.

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Appendix II — GRI Index

GRI content index

Statement of use	Arafura has reported the information cited in this GRI content index for the period 1 July 2022 - 30 June 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	URL(S) / LOCATION IN THE REPORT / DIRECT ANSWER
GRI 2: General Disclosures 2021	2-1 Organizational details	• Arafura website: www.arultd.com/contact/
	2-2 Entities included in the organization's sustainability reporting	• This FY23 Sustainability Report: section 'Arafura Rare Earths Limited', page 10
	2-3 Reporting period, frequency and contact point	• This FY23 Sustainability Report: inside of front cover, page 2
	2-4 Restatements of information	• As identified in Appendix I - Responsible Business Practices
	2-5 External assurance	• No dedicated assurance for this FY23 Sustainability Report • Note that an independent audit of the Arafura Rare Earths Limited Financial Report was completed and referenced in the Annual Report 2023: page 96 www.arultd.com/wp-content/uploads/2023/08/CC.02.01-Annual-Report-30-June-2023-Final-Undesigned.pdf
	2-6 Activities, value chain and other business relationships	• This FY23 Sustainability Report: section 'Arafura Rare Earths Limited', page 10; and section 'Developing the Nolans Project', from page 12
	2-7 Employees	• This FY23 Sustainability Report: Appendix I, Table 18 Absolute number and rate of employment
	2-8 Workers who are not employees	• This FY23 Sustainability Report: Appendix I, Table 18 Absolute number and rate of employment
	2-9 Governance structure and composition	• This FY23 Sustainability Report: section 'Responsible Business Practices', page from page 16; and Appendix 1, Table 1 Governing body • Arafura website: www.arultd.com/corporate/board/
	2-10 Nomination and selection of the highest governance body	• This FY23 Sustainability Report: section 'Responsible Business Practices', page 16 • Arafura website - Board Charter www.arultd.com/wp-content/uploads/2023/02/1_0_ARU_-_Board_Charter.pdf
	2-11 Chair of the highest governance body	• This FY23 Sustainability Report: section 'Message from the Chairman and Managing Director', page 5 • Arafura website: www.arultd.com/corporate/board/
	2-12 Role of the highest governance body in overseeing the management of impacts	• This FY23 Sustainability Report: section 'Responsible Business Practices', from page 16 • Arafura website - Board Charter www.arultd.com/wp-content/uploads/2023/02/1_0_ARU_-_Board_Charter.pdf
	2-13 Delegation of responsibility for managing impacts	• Arafura website - Board Charter www.arultd.com/wp-content/uploads/2023/02/1_0_ARU_-_Board_Charter.pdf

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GRI STANDARD	DISCLOSURE	URL(S) / LOCATION IN THE REPORT / DIRECT ANSWER
GRI 2: General Disclosures 2021	2-14 Role of the highest governance body in sustainability reporting	• Arafura website - Board Sustainability Committee Charter www.arultd.com/wp-content/uploads/2023/02/8_0_Sustainability_Committee_Charter.pdf
	2-15 Conflicts of interest	• Arafura website - Board Charter www.arultd.com/wp-content/uploads/2023/02/1_0_ARU_-_Board_Charter.pdf • Arafura website - Code of Conduct www.arultd.com/wp-content/uploads/2023/02/2_1_Code_of_Conduct.pdf
	2-16 Communication of critical concerns	• Arafura website - Board Charter www.arultd.com/wp-content/uploads/2023/02/1_0_ARU_-_Board_Charter.pdf; and Board Risk Management Committee Charter www.arultd.com/wp-content/uploads/2023/04/2_8_Risk_Management_Committee_Charter.pdf
	2-17 Collective knowledge of the highest governance body	• Arafura website - Board Charter www.arultd.com/wp-content/uploads/2023/02/1_0_ARU_-_Board_Charter.pdf
	2-18 Evaluation of the performance of the highest governance body	• This FY23 Sustainability Report: section 'Responsible Business Practices', from page 16 • Arafura Annual Report 2023: www.arultd.com/wp-content/uploads/2023/08/CC.02.01-Annual-Report-30-June-2023-Final-Undesigned.pdf, see Remuneration Report section, from page 39
	2-19 Remuneration policies	• Arafura Annual Report 2023: www.arultd.com/wp-content/uploads/2023/08/CC.02.01-Annual-Report-30-June-2023-Final-Undesigned.pdf, see Remuneration Report section, from page 39 • Arafura website - Remuneration and Nomination Committee Charter www.arultd.com/wp-content/uploads/2023/02/3_0_Remuneration_and_Nomination_Committee_Charter.pdf
	2-20 Process to determine remuneration	• Arafura website - Remuneration and Nomination Committee Charter www.arultd.com/wp-content/uploads/2023/02/3_0_Remuneration_and_Nomination_Committee_Charter.pdf
	2-21 Annual total compensation ratio	• This FY23 Sustainability Report: Appendix I, Table 17 Wage levels • Arafura Annual Report 2023: www.arultd.com/wp-content/uploads/2023/08/CC.02.01-Annual-Report-30-June-2023-Final-Undesigned.pdf, see Remuneration Report section, from page 39
	2-22 Statement on sustainable development strategy	• This FY23 Sustainability Report: section 'Our Approach to Sustainability', from page 6
	2-23 Policy commitments	• Arafura website: www.arultd.com/corporate/corporate-governance/, see the Corporate Governance Statement and suite of charters, codes and policies
	2-24 Embedding policy commitments	• This FY23 Sustainability Report • Arafura Annual Report 2023: www.arultd.com/wp-content/uploads/2023/08/CC.02.01-Annual-Report-30-June-2023-Final-Undesigned.pdf
	2-25 Processes to remediate negative impacts	• Arafura is working towards disclosure on this GRI Standard
	2-26 Mechanisms for seeking advice and raising concerns	• Arafura website - Code of Conduct www.arultd.com/wp-content/uploads/2023/02/2_1_Code_of_Conduct.pdf; and Whistleblower Policy, www.arultd.com/wp-content/uploads/2023/02/2_5_Whistleblower_Protection_Policy.pdf
	2-27 Compliance with laws and regulations	• Arafura website - Code of Conduct, www.arultd.com/wp-content/uploads/2023/02/2_1_Code_of_Conduct.pdf

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GRI STANDARD	DISCLOSURE	URL(S) / LOCATION IN THE REPORT / DIRECT ANSWER
GRI 2: General Disclosures 2021	2-28 Membership associations	• Arafura is working towards disclosure on this GRI Standard
	2-29 Approach to stakeholder engagement	• This FY23 Sustainability Report: section 'Stakeholders and Communities', page 34 • Nolans Project Environmental Impact Statement: Appendix S (Social Impact Assessment) **www.arultd.com/wp-content/uploads/2023/01/Nolans_EIS_Appendix_S_web.pdf**
	2-30 Collective bargaining agreements	• Arafura website - Code of Conduct, **www.arultd.com/wp-content/uploads/2023/02/2_1_Code_of_Conduct.pdf**, section Compliance with Law. Arafura uses common law contracts, underpinned (where relevant) by the modern award system
GRI 3: Material Topics 2021	3-1 Process to determine material topics	• This FY23 Sustainability Report: section 'Our Approach to Sustainability', from page 6
	3-2 List of material topics	• This FY23 Sustainability Report: section 'Our Approach to Sustainability', from page 6
	3-3 Management of material topics	• This FY23 Sustainability Report
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	• This FY23 Sustainability Report; section 'Responsible Business Practices', from page 16; and Appendix I, section Responsible Business Practices
	201-2 Financial implications and other risks and opportunities due to climate change	• This FY23 Sustainability Report; section 'Climate Change', from page 20. Arafura is working towards disclosure on this GRI Standard
	201-3 Defined benefit plan obligations and other retirement plans	• Arafura website: **www.arultd.com/corporate/corporate-governance/**, see Code of Conduct, **www.arultd.com/wp-content/uploads/2023/02/2_1_Code_of_Conduct.pdf**, section Compliance with Law. This is inclusive of adherence to Australia's superannuation laws
	201-4 Financial assistance received from government	• This FY23 Sustainability Report: Appendix I, Table 4 Economic contribution • Annual report 2023: page 58, 78, 83 **www.arultd.com/wp-content/uploads/2023/08/CC.02.01-Annual-Report-30-June-2023-Final-Undesigned.pdf**
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	• This FY23 Sustainability Report: Appendix I, Table 17 Wage levels
	202-2 Proportion of senior management hired from the local community	• Arafura is working towards disclosure on this GRI Standard
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	• This FY23 Sustainability Report: section 'Developing the Nolans Project', from page 12
	203-2 Significant indirect economic impacts	• This FY23 Sustainability Report: section 'Responsible Business Practices', from page 16, section 'Supply Chain' from page 32, and Appendix I, Responsible Business Practices tables • Arafura Nolans Project Environmental Impact Statement: Volume 4, Appendix T - Economic Impact Report: **www.arultd.com/wp-content/uploads/2023/01/Nolans_EIS_Appendix_T_web.pdf**

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GRI STANDARD	DISCLOSURE	URL(S) / LOCATION IN THE REPORT / DIRECT ANSWER
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	• Arafura is working towards disclosure on this GRI Standard
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	• Arafura is working towards disclosure on this GRI Standard
	205-2 Communication and training about anti-corruption policies and procedures	• This FY23 Sustainability Report: section 'Responsible Business Practices, and Appendix I, Table 2 Anti-bribery and anti-corruption
	205-3 Confirmed incidents of corruption and actions taken	• This FY23 Sustainability Report: Appendix I, Table 2 Anti-bribery and anti-corruption
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	• This FY23 Sustainability Report: Appendix I, Table 3 Ethical and lawful behaviour
GRI 302: Energy 2016	302-1 Energy consumption within the organization	• This FY23 Sustainability Report: Appendix I, Table 9 Energy Consumption
	302-2 Energy consumption outside of the organization	• Arafura is working towards disclosure on this GRI Standard
	302-3 Energy intensity	• Due to the status of the Arafura Nolans Project, not currently applicable
	302-4 Reduction of energy consumption	• Arafura is working towards disclosure on this GRI Standard • An overview of Arafura's greenhouse gas reduction strategy for the Nolans Project is outlined in this FY23 Sustainability Report: section 'Climate Change', from page 20
	302-5 Reductions in energy requirements of products and services	• Arafura is working towards disclosure on this GRI Standard
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	• This FY23 Sustainability Report: section 'Environmental Management', from page 24 and Appendix I, Table 11 Freshwater availability • Arafura Nolans Project Mine Management Plan: Appendix R - Water Management Plan and production borefield licencing: **www.arultd.com/projects/nolans/approvals/** • Arafura Nolans Project Environmental Impact Statement: Chapter 7: Surface Water and Chapter 8: Groundwater **www.arultd.com/projects/nolans/environmental-impact-statement/**
	303-2 Management of water discharge-related impacts	• This FY23 Sustainability Report: section 'Environment Management', from page 24 and Appendix I, Table 11 Freshwater availability • Arafura Nolans Project Mine Management Plan: Appendix R - Water Management Plan and production borefield licencing: **www.arultd.com/projects/nolans/approvals/**
	303-3 Water withdrawal	• This FY23 Sustainability Report: Appendix I, Table 11 Freshwater availability

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GRI STANDARD	DISCLOSURE	URL(S) / LOCATION IN THE REPORT / DIRECT ANSWER
GRI 303: Water and Effluents 2018	303-4 Water discharge	• This FY23 Sustainability Report: Appendix I, Table 11 Freshwater availability
	303-5 Water consumption	• This FY23 Sustainability Report: Appendix I, Table 11 Freshwater availability
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	• This FY23 Sustainability Report: section 'Environment Management' from page 24, and Appendix I, Table 12 Biodiversity • Arafura Nolans Project Mine Management Plan: Appendix B - Biodiversity Management Plan **www.arultd.com/wp-content/uploads/2023/01/APPENDIX_B_BIODIVERSITY_MP_REV1.pdf**
	304-2 Significant impacts of activities, products and services on biodiversity	• This FY23 Sustainability Report: section 'Environment Management' from page 24, and Appendix I, Table 12 Biodiversity
	304-3 Habitats protected or restored	• Arafura Nolans Project Mine Management Plan: Appendix B - Biodiversity Management Plan **www.arultd.com/wp-content/uploads/2023/01/APPENDIX_B_BIODIVERSITY_MP_REV1.pdf**
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	• This FY23 Sustainability Report: Appendix I, Table 12 Biodiversity
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	• This FY23 Sustainability Report: section 'Climate Change', from page 20 and Appendix I, Table 8 Greenhouse gas emissions
	305-2 Energy indirect (Scope 2) GHG emissions	• This FY23 Sustainability Report: section 'Climate Change', from page 20 and Appendix I, Table 8 Greenhouse gas emissions
	305-3 Other indirect (Scope 3) GHG emissions	• Arafura is working towards disclosure on this GRI Standard
	305-4 GHG emissions intensity	• Due to the status of the Arafura Nolans Project, not currently applicable
	305-5 Reduction of GHG emissions	• This FY23 Sustainability Report – Climate Change: from page 20 • An overview of Arafura's greenhouse gas reduction strategy for the Nolans Project is outlined in this FY23 Sustainability Report: section 'Climate Change', page 20
	305-6 Emissions of ozone-depleting substances (ODS)	• Arafura is working towards disclosure on this GRI Standard
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	• Arafura is working towards disclosure on this GRI Standard
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	• Arafura is working towards disclosure on this GRI Standard
	306-2 Management of significant waste-related impacts	• Arafura is working towards disclosure on this GRI Standard

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GRI STANDARD	DISCLOSURE	URL(S) / LOCATION IN THE REPORT / DIRECT ANSWER
GRI 306: Waste 2020	306-3 Waste generated	• Arafura is working towards disclosure on this GRI Standard
	306-4 Waste diverted from disposal	• Arafura is working towards disclosure on this GRI Standard
	306-5 Waste directed to disposal	• Arafura is working towards disclosure on this GRI Standard
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	• Arafura is working towards disclosure on this GRI Standard
	308-2 Negative environmental impacts in the supply chain and actions taken	• Arafura is working towards disclosure on this GRI Standard.
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	• This FY23 Sustainability Report: section 'Health and Safety', from page 26
	403-2 Hazard identification, risk assessment, and incident investigation	• Arafura is working towards disclosure on this GRI Standard
	403-3 Occupational health services	• This FY23 Sustainability Report: section 'Health and Safety', from page 26
	403-4 Worker participation, consultation, and communication on occupational health and safety	• This FY23 Sustainability Report: section 'Health and Safety', from page 26 and Appendix I, Table 13 Health and safety performance
	403-5 Worker training on occupational health and safety	• This FY23 Sustainability Report: section 'Health and Safety', from page 26 and Appendix I, Table 13 Health and safety performance
	403-6 Promotion of worker health	• This FY23 Sustainability Report: section 'Health and Safety', from page 26
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	• Arafura is working towards disclosure on this GRI Standard
	403-8 Workers covered by an occupational health and safety management system	• This FY23 Sustainability Report: section 'Health and Safety', from page 26 and Appendix I, Table 13 Health and safety performance
	403-9 Work-related injuries	• This FY23 Sustainability Report – Appendix I, Table 13 Health and safety performance
	403-10 Work-related ill health	• Arafura is working towards disclosure on this GRI Standard

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GRI STANDARD	DISCLOSURE	URL(S) / LOCATION IN THE REPORT / DIRECT ANSWER
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	• This FY23 Sustainability Report: Appendix I, Table 18 Training and performance reviews
	404-2 Programs for upgrading employee skills and transition assistance programs	• Arafura is working towards disclosure on this GRI Standard
	404-3 Percentage of employees receiving regular performance and career development reviews	• This FY23 Sustainability Report: Appendix I, Table 18 Training and performance reviews
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	• This FY23 Sustainability Report: Appendix I, Table 15 Diversity and inclusion
	405-2 Ratio of basic salary and remuneration of women to men	• This FY23 Sustainability Report: Appendix I, Table 16 Pay equality
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	• This FY23 Sustainability Report: Appendix I, Table 15 Diversity and inclusion
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	• Arafura is working towards disclosure on this GRI Standard
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	• Arafura is working towards disclosure on this GRI Standard.
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	• This FY23 Sustainability Report: section 'Supply Chain, from page 32
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	• This FY23 Sustainability Report: Appendix I, Table 21 Number of identified incidents of violations involving the rights of Indigenous peoples
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	• This FY23 Sustainability Report: section 'Stakeholders and communities', page 34 • Arafura Nolans Project Environmental Impact Statement: Appendix S - Social Impact Assessment **www.arultd.com/wp-content/uploads/2023/01/Nolans_EIS_Appendix_S_web.pdf**
	413-2 Operations with significant actual and potential negative impacts on local communities	• This FY23 Sustainability Report – Stakeholders and communities: page 34 • Arafura Nolans Project Environmental Impact Statement: Appendix S - Social Impact Assessment **www.arultd.com/wp-content/uploads/2023/01/Nolans_EIS_Appendix_S_web.pdf**
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	• Arafura is working towards disclosure on this GRI Standard
	414-2 Negative social impacts in the supply chain and actions taken	• Arafura is working towards disclosure on this GRI Standard

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