

The Nolans Project: A sustainable source of NdPr for Korea

8 September 2023





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Mineral Resources and Ore Reserves

The information in this presentation that relates to Mineral Resources is extracted from the Company's ASX announcement dated 7 June 2017 (Detailed Resource Assessment Completed) and was completed in accordance with the guidelines of the JORC Code (2012). The information in this presentation that relates to Ore Reserves is extracted from the Company's ASX announcement dated 16 March 2020 (Major Increase in Mine Life for the Nolans Project) and was completed in accordance with the guidelines of the JORC Code (2012). Arafura Rare Earths confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the original market announcements continue to apply and have not materially changed. Arafura Rare Earths confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Production Targets and Forecast Financial Information

The information in this presentation that relates to production targets and financial information is extracted from the Company's ASX announcement dated 11 November 2022 (Nolans Project Update). The production target is based on 12% Proved Reserves, 62% Probable Reserves and 26% inferred resources as reported in the Company's ASX announcement dated 11 November 2022. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised. Arafura confirms that all material assumptions underpinning the production target and forecast financial information derived from the production target set out in the Company's ASX announcement dated 11 November 2022 (including any assumptions referred to in the Company's ASX announcement dated 11 November 2022 that were used from the DFS as set out in the Company's ASX announcement dated 7 February 2019 (Nolans Project Definitive Feasibility Study) or from the Updated Mining Study as set out in the Company's ASX announcement dated 16 March 2020 (Major Increase in Mine Life for the Nolans Project)), continue to apply and have not materially changed.

The Nolans Project



Advanced manufacturing **producing NdPr in Australia's Northern Territory** – one of the world's most favourable mining jurisdictions.



Capacity to supply **~5% of global NdPr demand** at full production.



Strong **Australian Government support** for the Nolans Project due to **close alignment with Federal critical minerals policy**.



Over 30% of **nameplate production in binding agreement with Hyundai and Kia**. Awaiting **Korean export credit agency** funding support.



German and Canadian **export credit agency lending** linked to offtake from Nolans.



Large **high grade** resource underpinning a **long mine life**.



All Federal and NT **government approvals secured**, Mineral License and Mining Authorisation granted, Native Title Agreement in place.

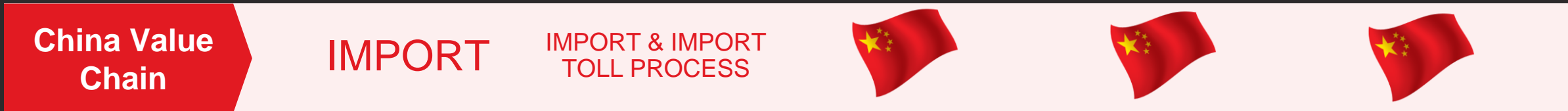
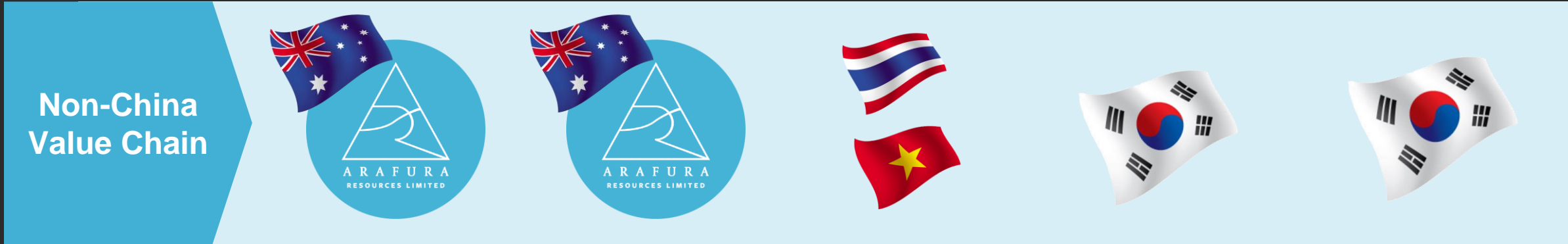
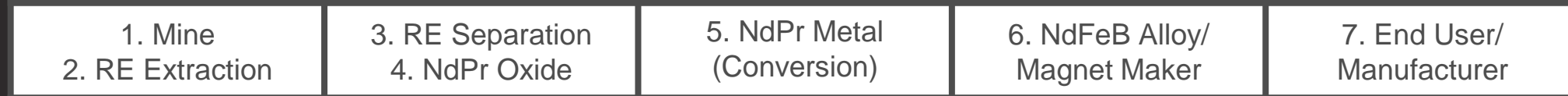


Single-site processing model includes waste and tailings management aligned strongly with tier 1 and OEM **ESG commitments**.



(ASX:ARU)

The Strategic Importance of Producing NdPr Oxide



1

China currently exerts control over most of the global rare earth supply chain. Projects not producing Oxide risk falling into the *Made in China 2025* supply chain.

2

Arafura plans to produce Oxide in Australia to provide **supply security that will meet sustainability objectives.**

3

Nolans offtake strategy focused on parties **not aligned with the *Made in China 2025* strategy.**

4

Governments around the world are seeking to partner in opportunities to **diversify the supply chain to prevent disruption.**

5

Nolans **ore to oxide business model** allows Critical Raw Materials (CRM) supply diversification

Growing a diversified bilateral value chain with Australian NdPr



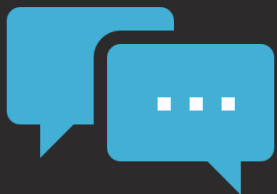
- In **December 2021** Australia and Korea signed an MOU for cooperation to support a shared bilateral ambition to develop robust and commercially viable critical minerals supply chains.

The MOU's focus was on Korean investment in Australian critical minerals projects, enabling Korea to secure a reliable supply.

- Earlier this year, MOTIE Minister Lee released a new strategy to **secure critical minerals (including Nd and Pr)** including steps for Korea to develop and protect its global supply chains through **bilateral and multilateral cooperation**.
- **Arafura's** Nolans Project offers a **solution for Korean industry** that will realise these aspirations.

Hyundai and Kia are **well positioned via offtake from Arafura** with a non-China, **responsibly produced supply of NdPr** for the manufacturing of electric vehicles and renewable technologies.

Offtake



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

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

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



Arafura is targeting 85% of Planned Production¹ as binding offtake (Binding Offtake Target).

Offtake Discussion Group	Location	NdPr Oxide (tpa) ²	% of Binding Offtake Target
Secured Offtake (binding agreement)			
Hyundai & Kia	Korea	1,500	40%
Siemens Gamesa RE	Germany	520	13%
Offtake under discussion³			
Contract negotiations	Japan & Europe	1,855	50%
Advanced offtake discussions	Europe & US	2,600	69%
Total		6,475	172%

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



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

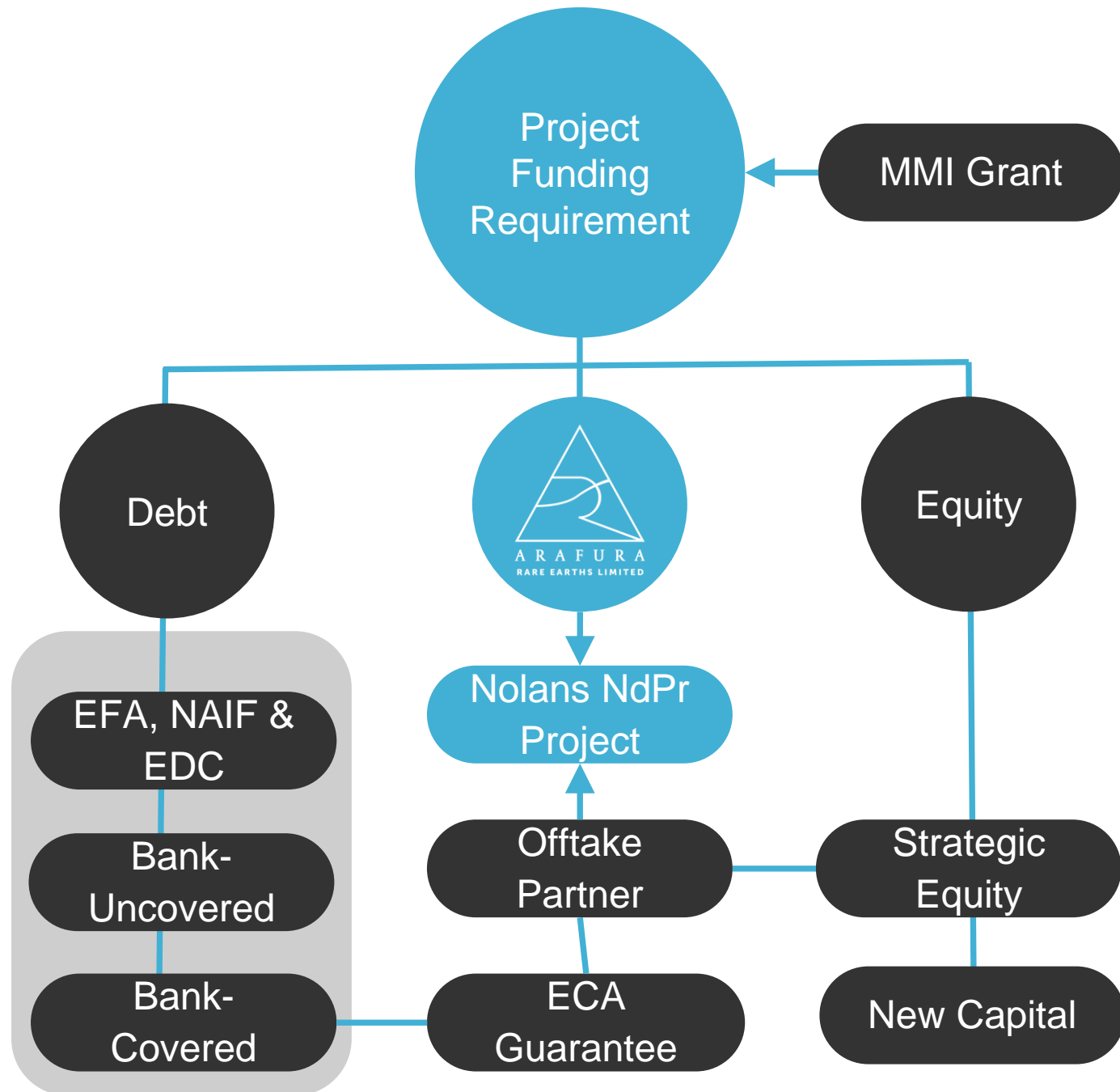
Funding Structure

Debt

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

Equity

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





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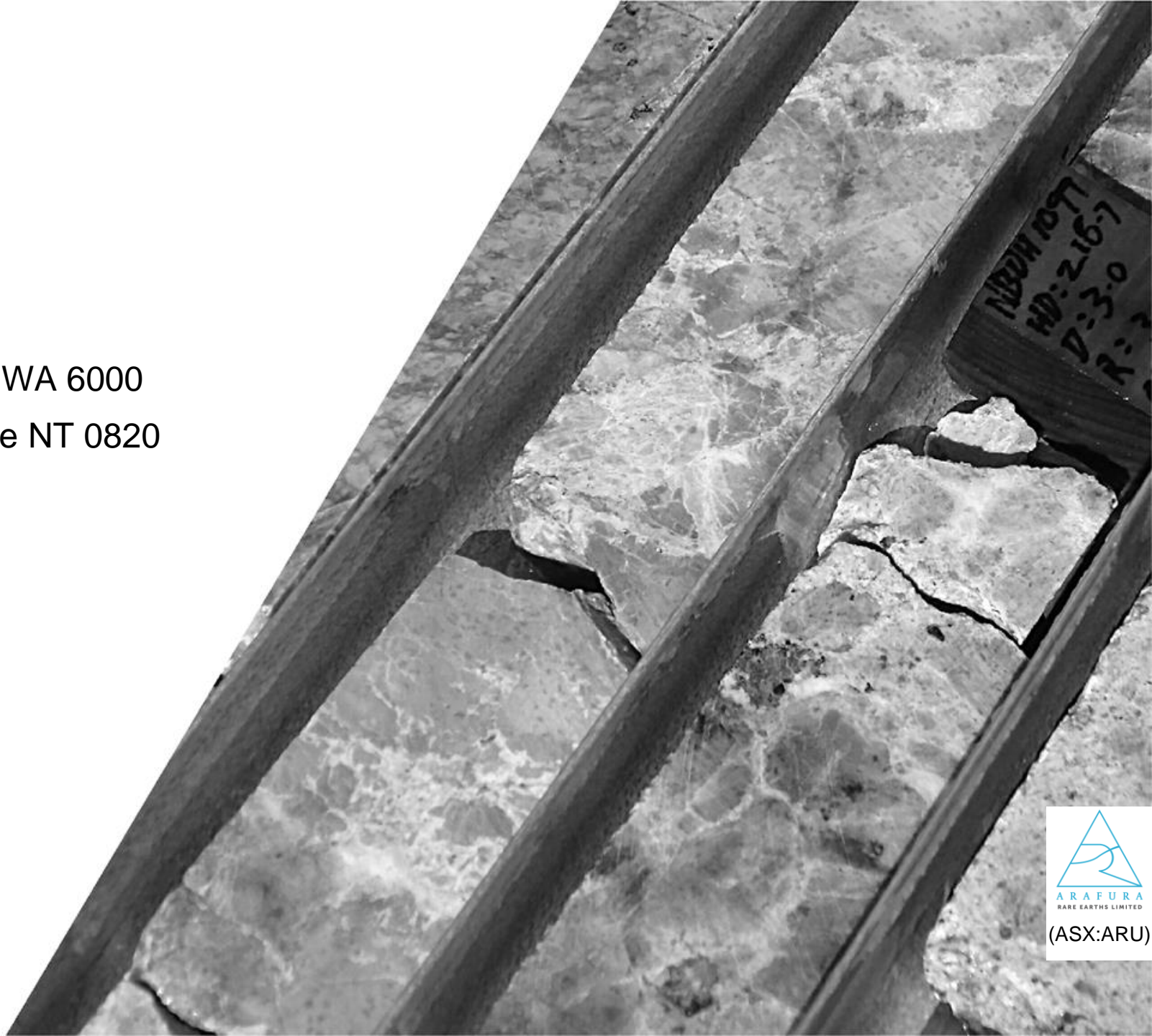
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