

NOLANS PROJECT

CLEAN ENERGY NdPr FROM AUSTRALIA

UPDATED APRIL 2023

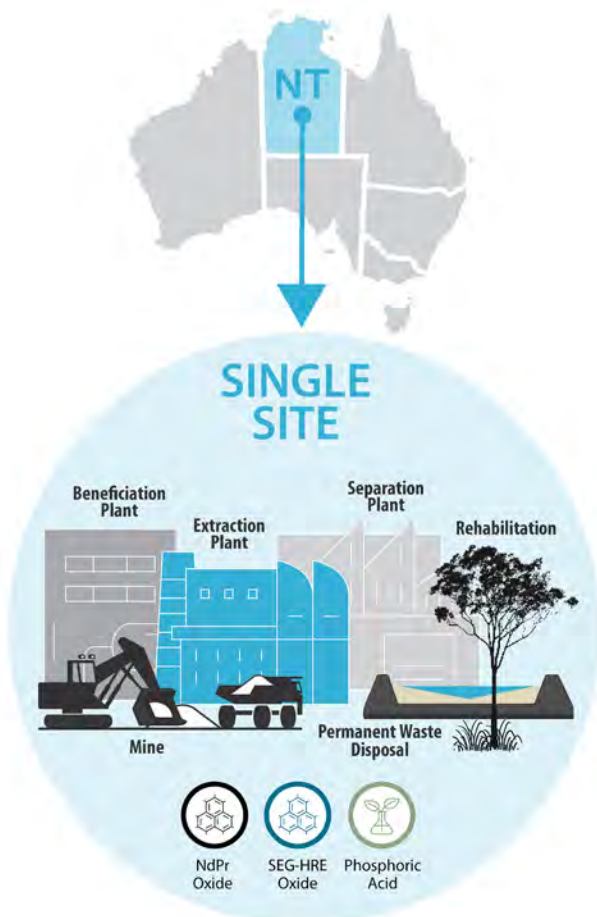


Arafura is developing the Nolans Project, 135 kilometres north of Alice Springs in Australia's Northern Territory. The cornerstone of the project is one of the world's largest undeveloped Neodymium and Praseodymium (NdPr) resources. With an initial mine life of 38 years and a valuable phosphoric acid by-product, Nolans will be a long life, low cost operation producing NdPr oxide - a critical component of rapidly growing global demand for electric vehicles and renewable energy technology.

The technical and economic viability of the Nolans Project has been demonstrated through a four-year metallurgical piloting program and definitive feasibility study. In November 2022 the company released a Project Update - available online at arultd.com

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

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



NOLANS IS CONSTRUCTION READY



Regulatory

- ✓ Federal and Northern Territory government Environmental Approvals in place.
- ✓ Government and ministerial support for senior debt facility.
- ✓ Mining Authorisation granted.



Security of Tenure & Social License to Operate

- ✓ Native Title Agreement in place.
- ✓ Mineral License granted.
- ✓ Federal and Northern Territory 'Major Project' status granted.
- ✓ Indigenous Engagement Strategy in place.



Technical

- ✓ Piloting of ore to oxides flowsheet.
- ✓ Appointment of leading contractors to in-house team.
- ✓ Front End Engineering and Design underpins latest capital cost update.
- ✓ Expanding technical and operating team.



Commercial

- ✓ Customer verification of oxide products complete.
- ✓ Offtake agreements being advanced.
- ✓ Project funding strategy progressing with lead debt arrangers appointed.

KEY PROJECT INFORMATION

Mining & Production			
Mine Life (years)		38	
NdPr Oxide (tpa)		4,440	
SEG/HRE Oxide (tpa)		474	
Phosphoric Acid (tpa 54% P ₂ O ₅ MGA)		144,393	
Product Pricing			
US\$/kg NdPr Oxide price - offtake period		125.50	
US\$/kg NdPr Oxide price - LOM		130.10	
Financial		US\$	A\$
Capital Cost			
Pre-production Capital (\$m)		995	1,394
Contingency (\$m)		140	196
Total (\$m)		1,135	1,590
Revenue			
Rare Earth Sales Revenue (\$m/annum)		587	822
Phosphoric Acid Sales Revenue (\$m/annum)		65	91
Operating Costs			
Mining Costs (\$m/annum)		(31)	(44)
Processing Costs (\$m/annum)		(138)	(193)
General and Administration Costs (\$m/annum)		(26)	(36)
EBITDA (\$m/annum)		409	573
KPI Analysis		US\$	A\$
Operating Cost \$/kg NdPr		43.95	61.60
Operating Cost \$/kg NdPr net of P ₂ O ₅ credit		34.64	48.52
NPV ₅ after tax (\$m)		1,693	2,358
IRR after tax (%)		19.3%	

The Project Economics table is based on the assumptions and estimates set out in the Nolans Project Update (refer to ASX Announcement dated 11 November 2022). Numbers may not compute because of rounding. Product prices during the offtake period refer to the first seven years of production when offtake agreements will include discounts and other contract mechanisms put in place to underpin project finance for up to approximately 85% of NdPr oxide production with averages calculated as the weighted average over the specified period. Average revenue, costs and EBITDA are calculated as the arithmetic annual average following the anticipated two year ramp up period and excluding the final years of production from low grade stockpiles.

KEY FACTS



minimum **38-year** mine life (29 year reserve life)



construction workforce of **600+** operational workforce of **200+**



4% of the world's magnet rare earths supply



135 kilometres from Alice Springs



Net Zero by 2050

Climate change and GHG emissions are a critical global issue and in consideration of this, Arafura is committed to the ongoing development and operation of Nolans with the aim of achieving net zero carbon emissions by 2050.

IRMA | Pending Member



IRMA is an industry-specific initiative responding to the global demand for more socially and environmentally responsible mining. Arafura will complete the IRMA Ready assessment standard as soon as it is launched.



UN Global Compact | Signatory

UNGC aims to accelerate and scale the collective global impact of business through its 10 Principles that contribute to the UN Sustainable Development Goals.

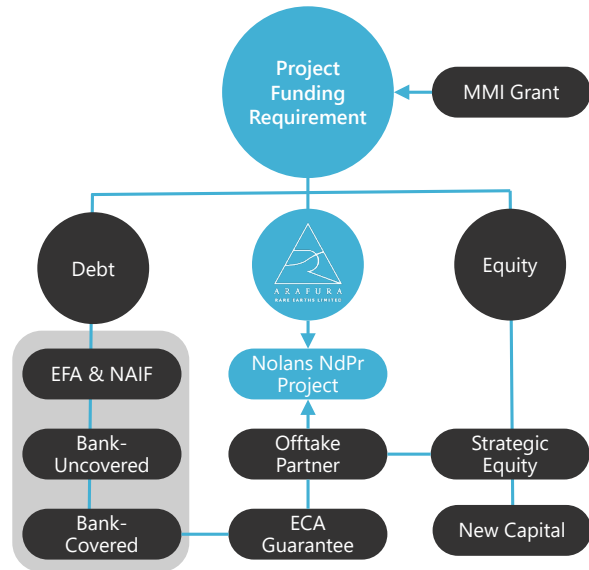


Sustainability Report

Arafura's annual Sustainability Report provides a comprehensive overview of material ESG matters, along with considered action plans, targets and aspirations across the short, medium and long term.

FUNDING STRATEGY

As an Australian based NdPr project Nolans is a strategic geopolitical asset, and the project's funding strategy leverages this significant attribute. The project is aligned with key international Export Credit Agency (ECA) mandates related to electric vehicle manufacturing and renewable energy. Foreign ECAs are seeking well structured projects for the supply of rare earths that are critical to these areas of manufacturing.



OFFTAKE STRATEGY

Arafura has binding offtake agreements in place with Hyundai and Kia and Siemens Gamesa Renewable Energy, and a memorandum of understanding in place with GE. The company is progressing advanced negotiations with several prospective offtake partners, with a view to securing 85% of Nolans production as binding offtake.

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) ACTIVITIES & INITIATIVES

Prioritise GHG Emissions & Water Management

- Water reduction strategy
- Greenhouse Gas Emissions Reduction Pathway
- Solar power initiative

Traceability | Blockchain Technology

- Aligned with customer's ESG expectations
- Will allow tracing of Nolans sustainably produced products through entire supply chain to customers

Innovation & Technology

- Downstream value add opportunities
- Ongoing R&D, low carbon metallisation process
- Options for hydrogen or other energy storage solutions

ARAFURA'S SUSTAINABILITY GOAL

"Arafura's ESG commitment is to be a trusted global leader and supplier of choice for sustainably mined and processed rare earth products, helping our customers deliver clean and efficient technologies. We are committed to delivering positive intergenerational economic, environmental and social benefits to our stakeholders."