

ASX ANNOUNCEMENT

NT RESOURCES INDUSTRY ENVIRONMENTAL MANAGEMENT & LOGISTICS FORUM PRESENTATION

27 October 2021



Arafura Resources Limited (ASX:ARU) ("**Arafura**" or the "**Company**") is pleased to attach a copy of its presentation delivered by General Manager- NT and Sustainability, Mr Brian Fowler, at the NT Resources Industry Environmental Management & Logistics Forum today held in Darwin, Northern Territory. Mr Fowler will present the Nolans Project on the topic "Understanding and Meeting Stakeholder Expectations".

The NT Resources Industry Environmental Management & Logistics Forum is held as part of NT Resources Week. The conference is Northern Australia's largest resources and construction industry-based conference.

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

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NdPr

The Nolans Project

Understanding & Meeting Stakeholder Expectations

Industry Environmental Management & Logistics Forum

27 October 2021





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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 Resources 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 Resources 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 May 2021 (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 May 2021. 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 May 2021 (including any assumptions referred to in the Company's ASX announcement dated 11 May 2021 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.

Nolans Update



Shovel Ready



Regulatory



Security of Tenure & Social
License to Operate



Technical



Commercial

- ✓ Customer verification of oxide products
- ✓ **Australian Government provide conditional letters of support for \$300M in debt**
- ✓ **\$45.5M Successful capital raising completed to begin FEED**
- Offtake engagement (advanced discussions underway)
- Project funding (commenced senior debt process & strategic equity)

Progress
Towards
Construction



Hydrometallurgical
Plant FEED commenced
August



Non-Process Infrastructure
FEED early works
progressing



Arafura's Owners' team
including personnel from KBR
and Wave ramping up

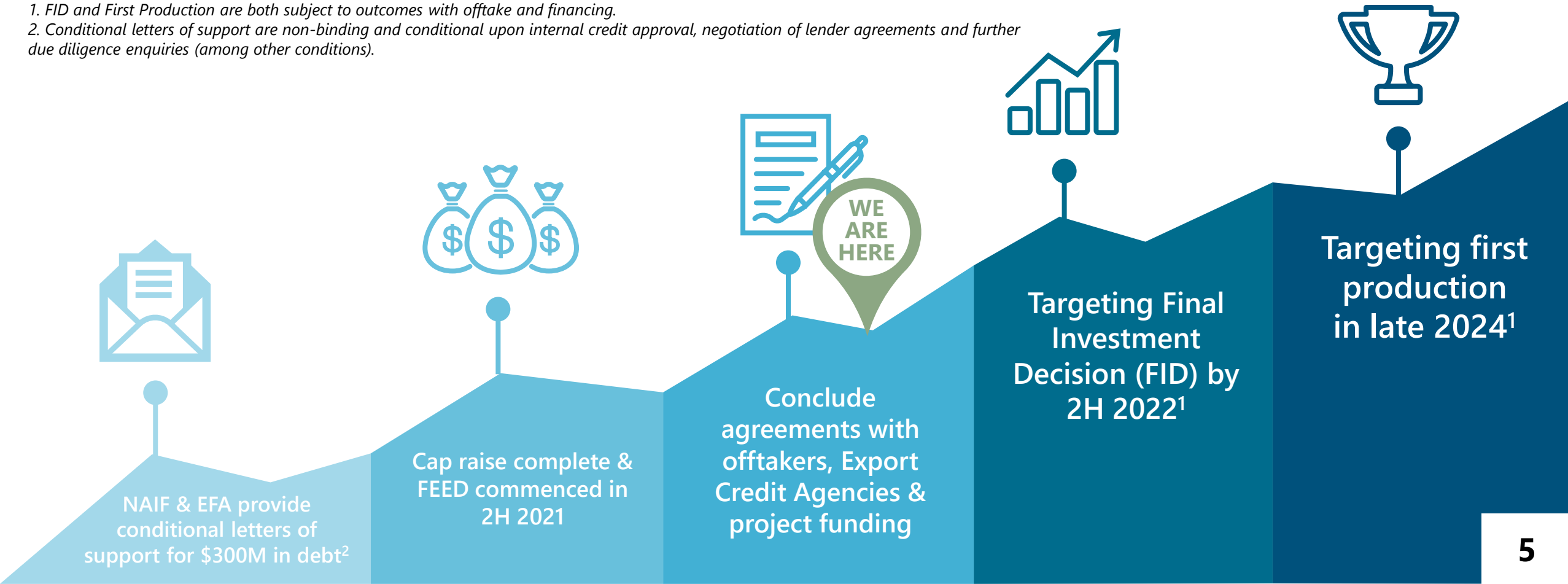


Nolans Key Development Milestones*

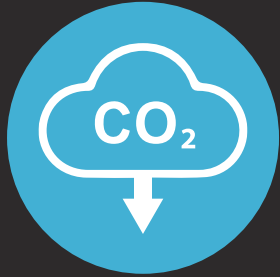
**Milestone targets are indicative and subject to change and are contingent upon funding, offtake activities and general market conditions*

1. FID and First Production are both subject to outcomes with offtake and financing.

2. Conditional letters of support are non-binding and conditional upon internal credit approval, negotiation of lender agreements and further due diligence enquiries (among other conditions).



Global Focus on Critical Material Supply Chains



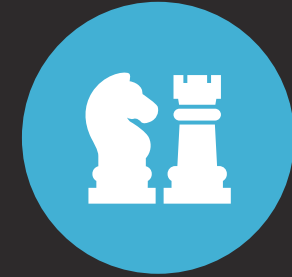
Most countries targeting **low carbon transport and renewable energy to achieve net-zero emissions.**

Increased focus on the need for diversified and robust critical material value chains.



Arafura has secured conditional letters of support for senior debt facilities:

- Export Finance Australia (**EFA**) for a 15-year facility for **\$200m¹**.
- Northern Australia Infrastructure Facility (**NAIF**) for a 15-year facility for **\$100m¹**.



Targeting Export Credit Agency's (ECAs) that will provide debt and debt guarantees for **well structured projects that supply critical materials for the manufacture of EVs and renewable technologies.**

Original Equipment Manufacturers (OEMs) looking to **engage upstream to secure raw materials.** Offtake discussion has expanded to include strategic investment²



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¹Conditional letters of support are non-binding and conditional upon internal credit approval, negotiation of lender agreements and further due diligence enquiries (among other conditions).

²The Company at this stage, has no certainty as to the timing and likelihood of negotiations with potential strategic equity partners successfully concluding or binding agreements being entered. Details of any binding arrangements will be announced to the ASX if (and when) formal agreements have been executed.

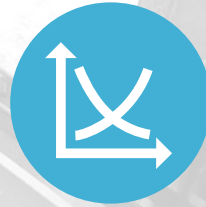
The Territory's Rare Opportunity



Nolans is positioned to supply
~5% of global demand for
NdPr oxide by 2027



Shovel-ready world class NdPr project



Production is aligned with forecast supply shortage



All environmental approvals secured



Traceable and ethically produced to meet global sustainability requirements



The Territory to benefit long term from advanced manufacturing component

An Australian First

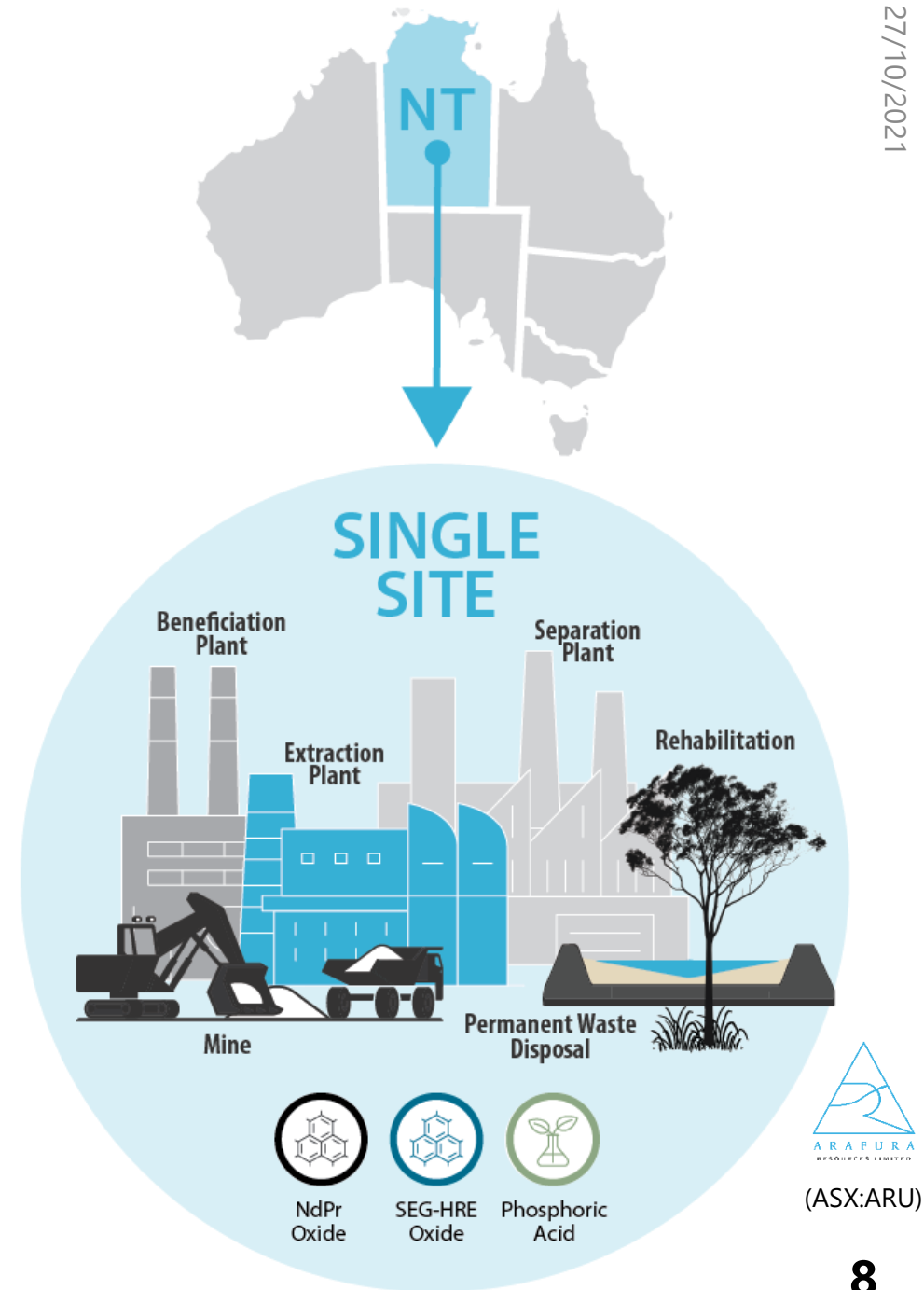
Nolans is the **only** NdPr focused project in Australia that plans to **mine and process ore to oxide at a single site.**

ESG

Traceable product and waste management certainty which is **aligned with customers' ESG expectations.**



More **employment & local business opportunities** for Territorians



What's in it for the NT?



To date, Arafura has:



Territory benefits plan

27/10/2021

\$3.5m water exploration & ongoing monitoring to ensure sustainability.



Water drilling at Nolans Site

Discovery of new aquifer allowed permanent water to be available to Alyuen community



Employing local contractors for ongoing water monitoring

In excess of \$50m of on ground exploration.
Exploration agreement with traditional owners provides funds for community development projects



Laundry at Alyuen

Indigenous engagement such as Karen Sheldon workshops



Karen Sheldon Workshop



Sponsored the Young Indigenous Art & Literacy Program
(Laramba & Ti Tree Remote Schools)



We intend to continue to work closely with the community and Territorians to ensure our initiatives are fit for purpose.



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Job Creation during Construction & Operations



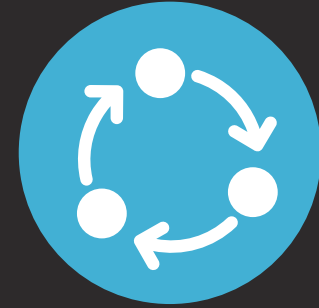
Territory Benefit Plan approved

- Local business involvement and support
- **Employing Territorians**
- Building community capacity
- Promises open and transparent communication with stakeholders



30-month construction period

- \$1 billion initial capital spend
- **Peak workforce of 620***
- Meeting Arafura's commitments will be contractually mandated



Minimum 38-year operational life

- \$225 million annual spend
- **280* direct permanent jobs across the Territory**
- Large range of job types
- Support for career development and progression
- **Sponsorship in education and community projects planned**
- **Targeting locals as a priority**

* 25% initially expected to be sourced from the NT

Nolans Benefits for Territorians



Territory Benefit Plan approved

1. Local business involvement & support
2. Employing Territorians
3. Sponsorship in education and community projects



**30-month
construction
period**

- ➔ \$1 billion initial capital spend
- ➔ Peak workforce of 620*



**Minimum
38-year
operational
life**

- ➔ \$225 million annual spend
- ➔ 280* direct permanent jobs across the Territory



**Local
Content**

- ➔ Targeting locals as a priority
- ➔ 20% Indigenous Employment Target

* 25% initially expected to be sourced from the NT

Community & Stakeholder Engagement

Our Approach

- ✓ We have met consistently with our key stakeholders over many years, started in 2006.
- ✓ Mapped our stakeholders.
- ✓ Held formal and on country meetings from a few to >100 people.
- ✓ Provided accurate and relevant information on all aspects of the project.
- ✓ Comprehensive social impact assessment and closed the loop to stakeholders.
- ✓ Used the insights to inform project planning and our benefits plan.
- ✓ Addressed difficult issues and stakeholder concerns.



Gavin Lockyer, Managing Director, holding an on-country meeting in 2020.

Local Content & Opportunities

Karen Sheldon Workshop



- ✓ Identify opportunities for locals, (business, employment, services etc.), don't over promise and under deliver.
- ✓ Don't create unrealistic expectations, be honest.
- ✓ Be proactive in engaging with locals (Chamber of Commerce, ICN NT, economic development committees, local councils, business groups.
- ✓ Prepare local businesses early. Explain project prerequisites (workshops, information sheets)
- ✓ Make sure head contractors and sub-contractors are contractually obligated to meet stated project commitments.
- ✓ Ensure KPIs measure compliance (carrot and stick).

Aboriginal Landholder Engagement

Getting Positive Outcomes

- ✓ Develop relationships with Aboriginal stakeholders.
- ✓ Met and discuss project regularly and taken TOs on the journey. In Nolans case this has been a long journey: consultation started in 2006.
- ✓ Listened and modified plans as much as practical to address concerns, feedback and expectations.
- ✓ Been open and honest with potential critics.
- ✓ Negotiated in good faith with a view to win, win.
- ✓ Secured accepted agreement quickly.



Environmental, Social & Governance (ESG)

- The New Norm



- ✓ Significant shift in external stakeholders' expectations with respect to ESG issues in past 2-3 years.
- ✓ Access to market and finance now almost conditional on being able to demonstrate commitment to ESG principles.
- ✓ Mapped our project and organisation against ESG standards and developing operational and corporate plans to address deficiencies.
- ✓ Signatory of the UN Global Compact to provide transparency and audibility against standards.
- ✓ Prepared Sustainability Report to demonstrate commitment.
- ✓ Providing product provenance certification to customers.
- ✓ **But most important of all is your actual track record.**

ESG - Current activities and initiatives

"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."



Prioritise GHG Emissions and Water Management

- Water reduction strategy
- GHG Emissions Audit and reduction study
- Renewable energy – Solar power initiative, Commitment to Net Zero GHG



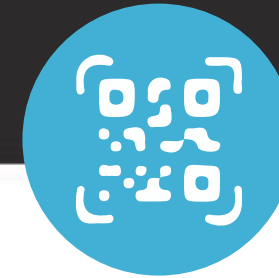
Finalise Update of Sustainability Report

- Signatory of the UN Global Compact
- Comprehensive report that satisfies requirements of global ESG ratings agencies and reporting standards
- Due 2H 2021



Pending Member in IRMA

- Arafura will complete the IRMA Ready assessment standard as soon as it is launched



Traceability – Blockchain Technology

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



Innovation and Technology

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

Some Tips



- ✓ Map your project risks from a stakeholder's perspective.
- ✓ Critical that all messaging is consistent. Your story shouldn't change. *"Say what you'll do, do what you say"*.
- ✓ Deliver your messages in language your audience will understand. It's critical that you know your audience.
- ✓ Avoid jargon and acronyms. Plain English is key.
- ✓ Be respectful, take your time, "shut up and listen".
- ✓ Know your stakeholders, understand their influence, address their concerns, don't ignore detractors.
- ✓ Be well prepared for meetings. Speak with one voice (prepare Q&As).
- ✓ Be transparent and honest.
- ✓ Speak to people not at them.

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