



Arafura Resources Limited

(ASX:ARU)

Emerging as Australia's Next NdPr Producer

October 2019

Annual General Meeting

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Mineral Resources and Ore Reserves

The information in this presentation that relates to Mineral Resources was released in an 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 was released in an ASX announcement dated 7 February 2019 (Nolans Project Definitive Feasibility Study) 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 represented have not been materially modified from the original market announcement.

Production Targets and Financial Information

Information in relation to production targets and financial information included in this presentation is extracted from an ASX announcement dated 7 February 2019 (Nolans Project Definitive Feasibility Study). Arafura Resources confirms that all material assumptions underpinning the production target and financial information set out in the announcement released on 7 February 2019 continue to apply and have not materially changed.

Rare Earths are now in the Popular Press

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sky news .COM.AU



Australia must 'help the US meet its need for critical minerals'

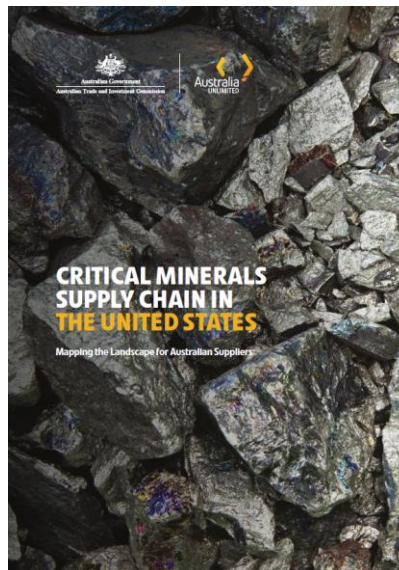
FINANCIAL REVIEW

Australia points to holes in US rare earth supply chain

Why taxpayers should fund Aussie rare earth miners

THE AUSTRALIAN

Australia to finalise joint strategy with US on rare earths mining



Forbes

China And The U.S. Fight Over Australian Rare Earths



REUTERS

U.S., Australia to unveil plan Friday to improve rare earth mineral supply

2GB 873AM

US looks to Australia for rare earths

The Sydney Morning Herald

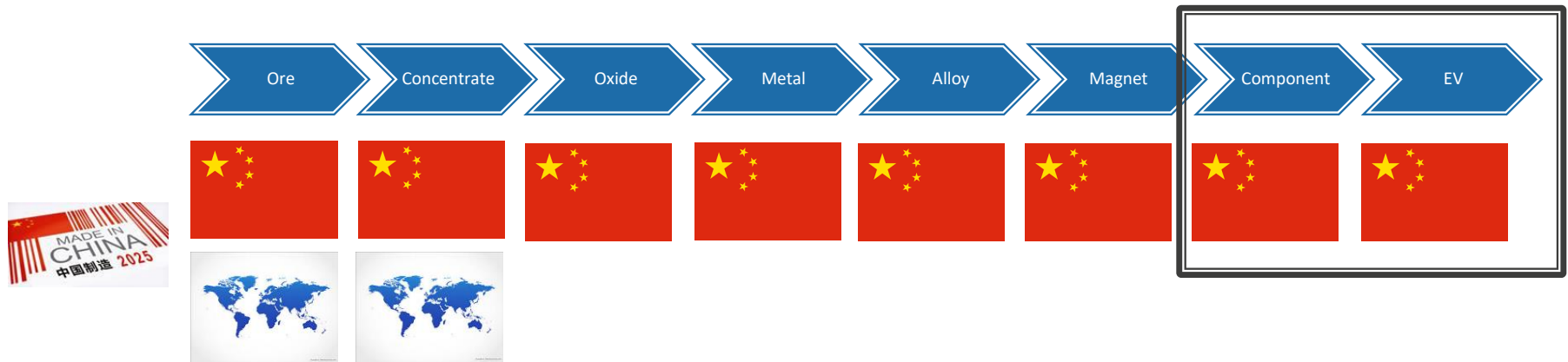
Morrison and Trump open new front in China trade war with rare earth 'action plan'



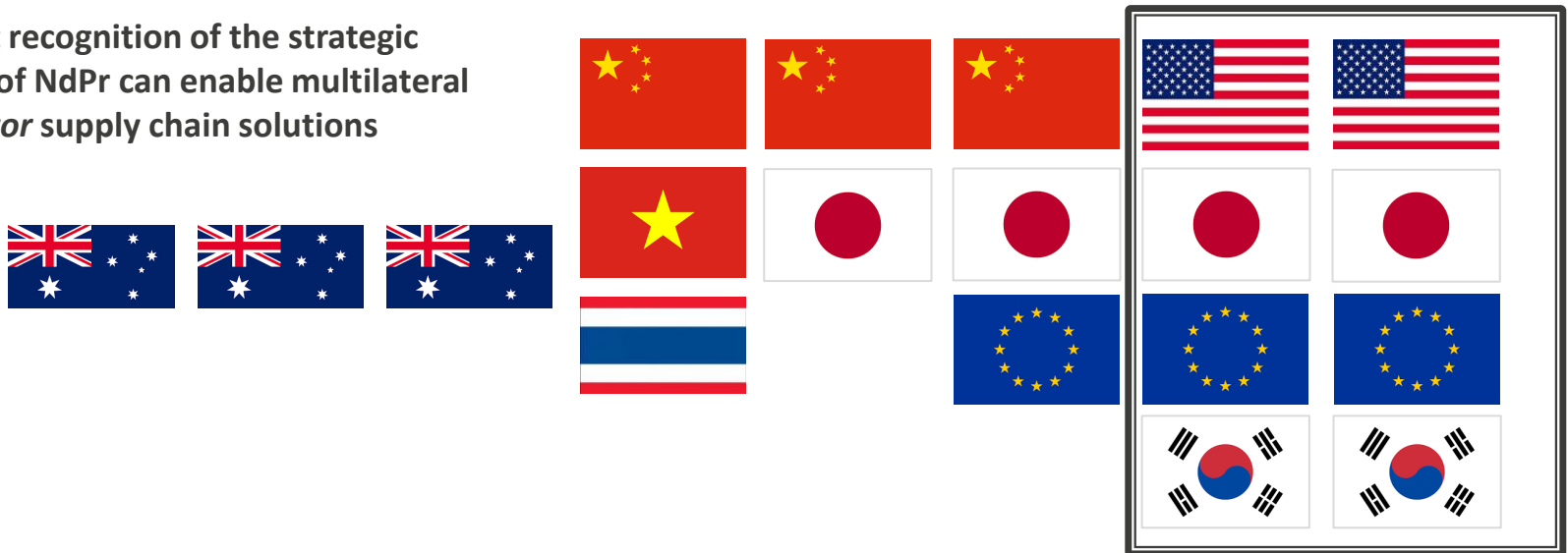
RARE EARTHS: IS THERE A CASE FOR GOVERNMENT INTERVENTION?

Made in China 2025 & Alternative Supply Chain

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Government recognition of the strategic significance of NdPr can enable multilateral *Mine to Motor* supply chain solutions



Arafura Corporate Snapshot

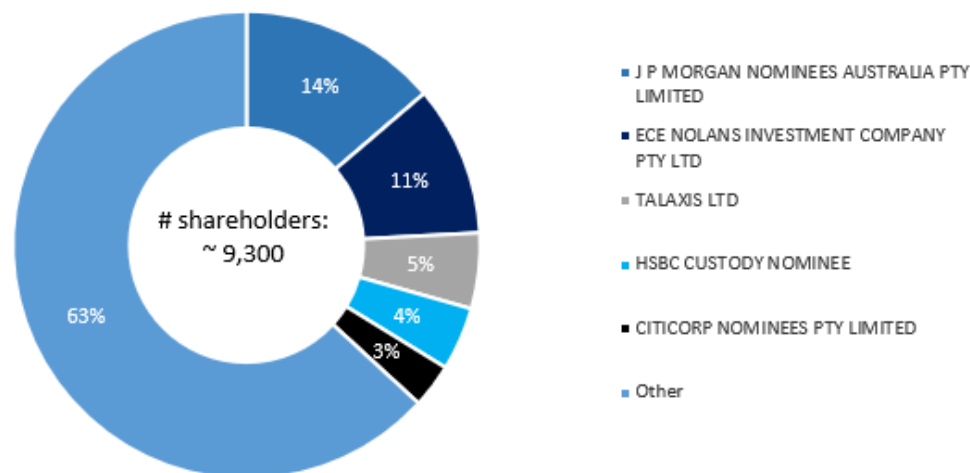
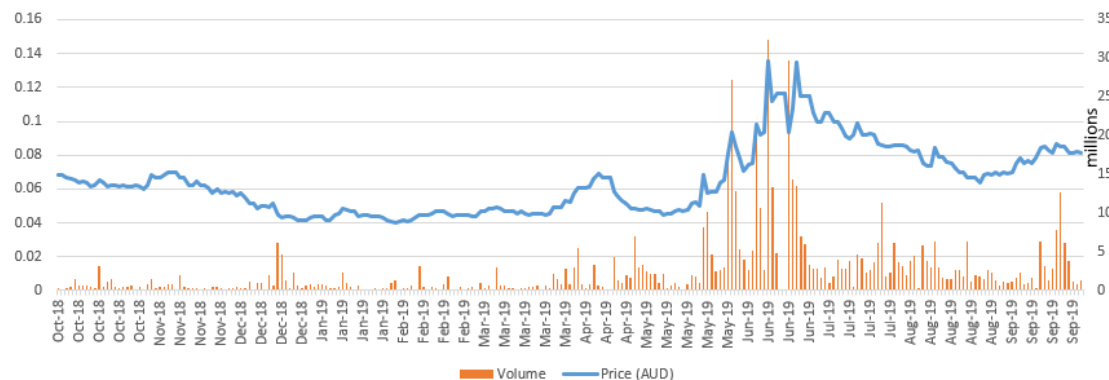


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Capital Structure	
ASX Code	ARU
ASX Share Price (30 Sep)	\$0.081
Shares on Issue	1,055m
Market Capitalisation (30 Sep)	\$85.5m
12 Month Liquidity	\$50.9m
Cash (30 Jun*)	\$28.6m
Debt	Nil
Enterprise Value (30 Jun*)	\$76.6m

- Investment by Talaxis Ltd, a member of the Noble Group
- Leading energy products and industrial raw materials supply chain manager that invests and participates in development of technology metals projects
- Arafura and Talaxis are working to refine a partnership for the provision of product, project and capital related services

12 Month Share Price Performance and Volume

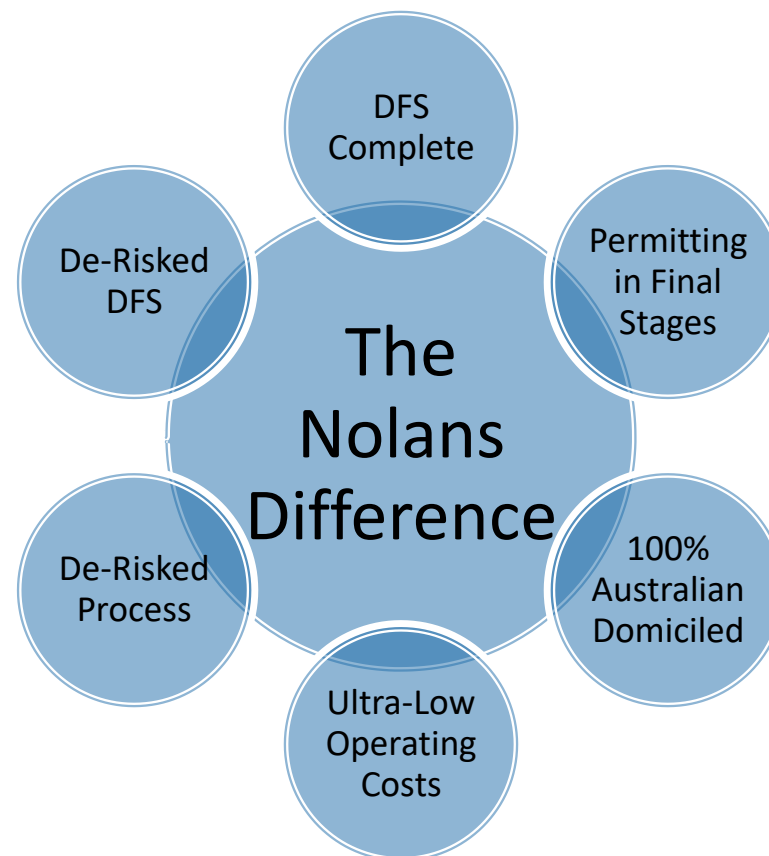


* Data based on 30 June plus proceeds from entitlement offer. 30 September 2019 Quarterly report is yet to be released.

Definitive Feasibility Study (DFS) Completed

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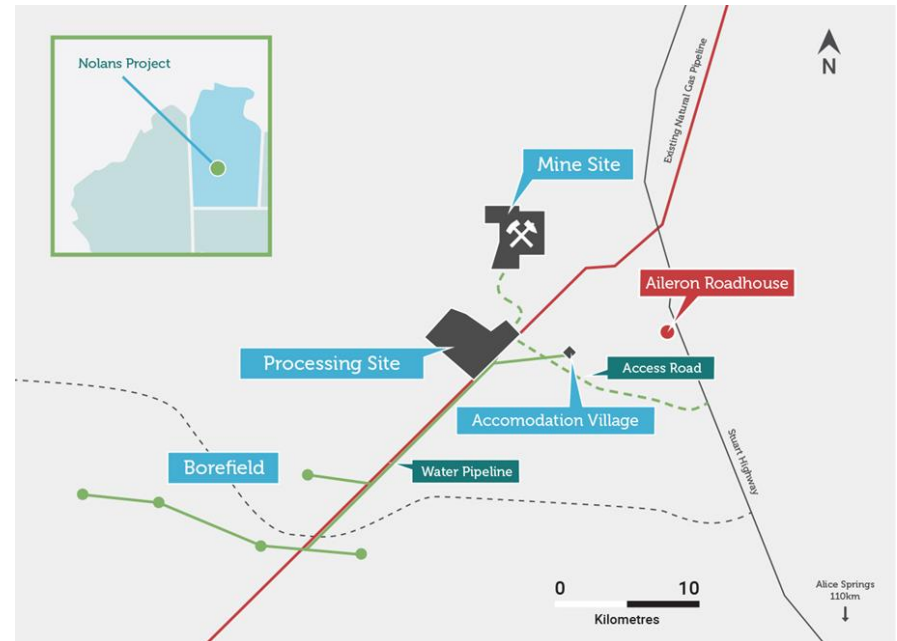
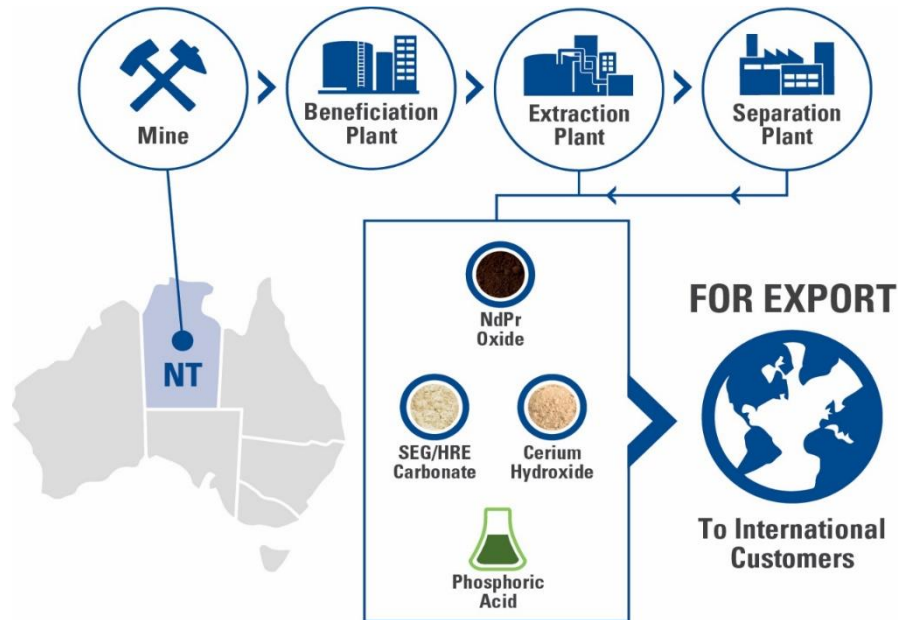
- DFS completed February 2019 confirming Nolans as a world class NdPr project
- Capex US\$726m, low cost producer at US\$25.94/kg NdPr
- Long-life asset – 23-year mine life based on Ore Reserves only with potential to extend production
- Well positioned to feed forecast NdPr supply shortfall
- Target project commissioning in 2022
- Globally strategic – 100% Australian-domiciled operation in the NT with environmental approval



Refer ASX announcement 7 February 2019: Nolans Project Definitive Feasibility Study

100% Australian Domiciled in the NT

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- Separation plant re-located to site during the year
- DFS includes fully costed permanent disposal and rehabilitation of tailings and process residues at site
- Environmental approvals secured
- Able to provide customers with product traceability and waste management certainty

Sustainable Supply is Our Value

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Extensive community and stakeholder consultation

Waste management plan
tailings and residue facility

Assessing impact from mining,
extraction and transport corridor

Surface water and groundwater
management plans

Biodiversity studies
on existing flora and fauna

Framework for decommissioning
closure and rehabilitation



**Social License
to Operate**

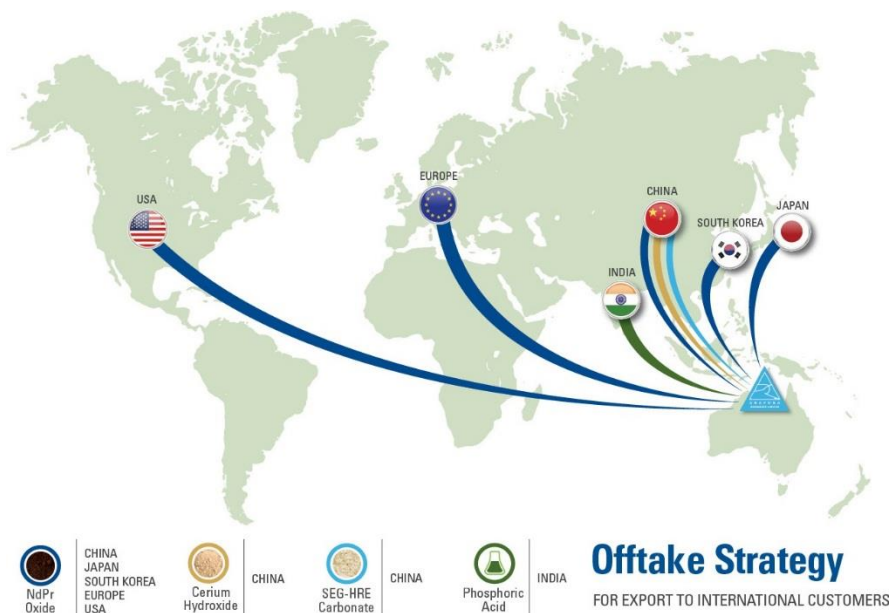
**Arafura can provide customer's assurance for reliable and
sustainable supply sourced outside China**










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Funding to Production

Product Offtake

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Customer / Target Region		Amount (tonnes p.a.)	Offtake Status	Proportion of Revenue
NdPr Oxide – targeting contracts with NdFeB magnet companies &/or end users				
JingCi Material Science		900	MoU	96%
Baotou Tianhe Magnetics		900	MoU	
Japan		2,557	In progress	
South Korea				
Europe				
USA				
SEG-HRE Carbonate – targeting contracts with rare earth processors				
China		606 (TREO equivalent)	In progress	1%
Japan				
Cerium Hydroxide – targeting contracts with rare earth processors				
Baotou Xinyuan Rare Earth Hi-tech		8,383 (TREO equivalent)	MoU	3%

Proportion of revenue for rare earth products only

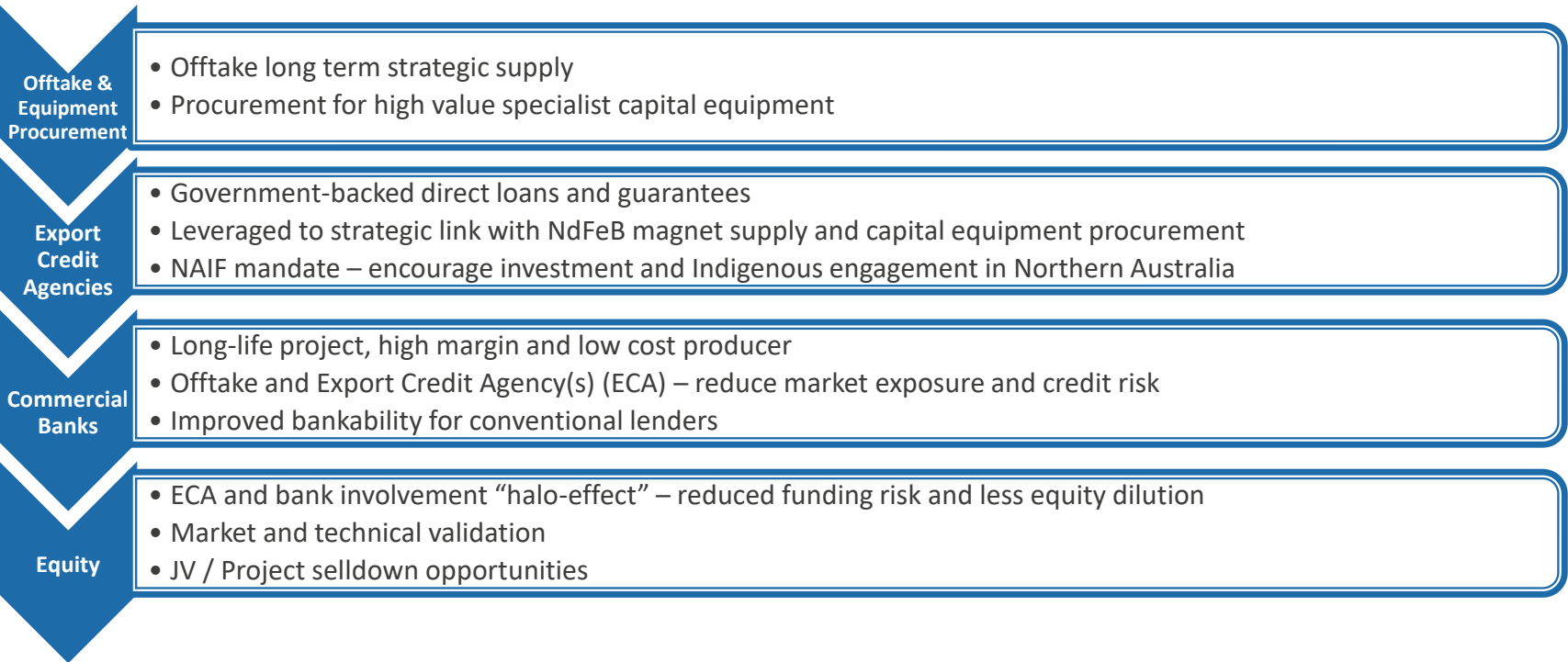
- Customer engagement targeted at NdPr users not aligned with China 2025 strategy
 - Japan – NdFeB magnet manufacturers
 - Europe & Korea – automotive OEMs and wind turbine makers
 - China – NdFeB magnet manufacturers with significant export markets

- U.S. emerging as an offtake opportunity
- India – vertically integrated fertilizer producers

Project Funding Strategy

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- Arafura looking to secure US\$726m to meet CAPEX requirements for the Nolans Project
- Potential sources of funding include equity, debt, JV and/or project selldown with a strategic investor
- DFS completion and environmental approval are critical enablers for engagement with funding partners
- Currently in due diligence by Northern Australia Infrastructure Facility (NAIF)
- Recently completed A\$23.2m raising to accelerate Project timeline and get “shovel ready”



Current Activities

In addition to the funding and offtake activities:

- **Drilling and metallurgical work in progress**
 - Targeted exploration and metallurgical program aims to potentially increase current mine life of 23 years
 - Opportunity to potentially reduce very low estimated OPEX of US\$25.94/kg NdPr (lowest amongst peers) even further
- **Negotiations with Central Land Council (CLC) ongoing leading to final regulatory approval (Mining Licence)**
- **Execution readiness activities**
 - Strategy to accelerate engineering activities to be aligned with forecast NdPr price increases from 2020

2019/20 Activities

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October 2019 – Drilling at Nolans Bore – hole NBDH1105



Northern Territory Senator Sam McMahon inspects drill core at Nolans Bore



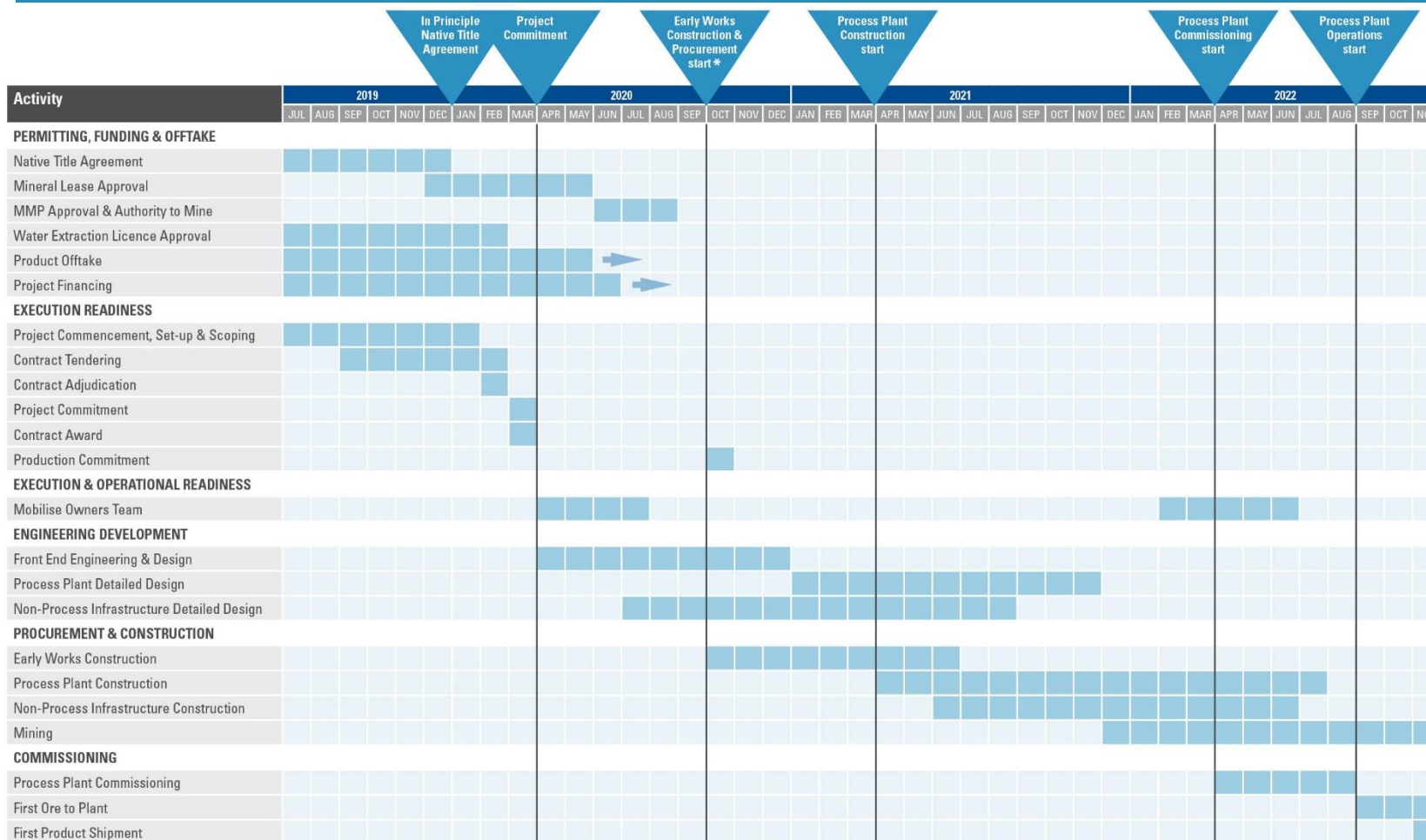
Drill core sample from Nolans Bore used in flotation variability program



October 2019 – Flotation variability test work at Nagrom mineral processing facility

Indicative Production Timeline

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*Early Works Construction & Procurement to the items that follow are subject to:

- Product Offtake being secured
- Sufficient Project Funding secured
- Permitting and other related activities being completed
- Each previous activity being completed successfully

Delays to commencing Early Works Construction will also impact the timing of Plant Construction and Commissioning.



Thank You

Long Life Asset

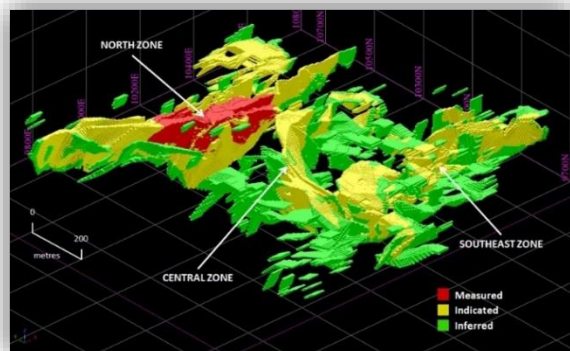
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RESOURCES	TONNES (m)	RARE EARTHS TREO %	PHOSPHATE P ₂ O ₅ %	NdPr Enrichment %
Measured	4.9	3.2	13	26.1
Indicated	30	2.7	12	26.4
Inferred	21	2.3	10	26.5
TOTAL	56	2.6	11	26.4

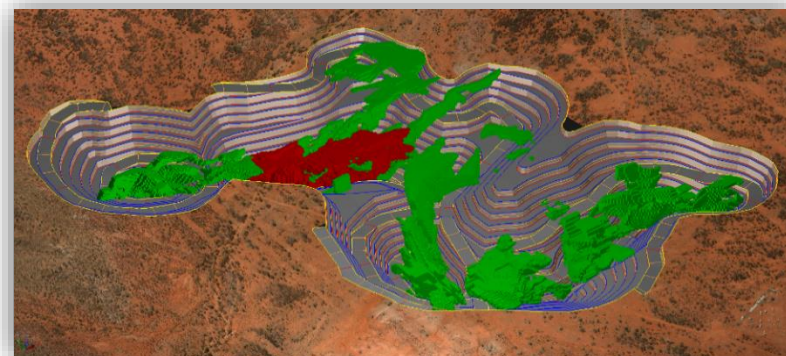
As announced on 7 June 2017. 1.0% TREO cut-off grade. Numbers may not compute exactly due to rounding. "NdPr enrichment" is the proportion of TREO comprising Nd₂O₃ and Pr₆O₁₁.

RESERVES	TONNES (m)	RARE EARTHS TREO %	PHOSPHATE P ₂ O ₅ %	NdPr Enrichment %
Proved	4.3	3.1	13	26.1
Probable	14.9	2.9	13	26.5
TOTAL	19.2	3.0	13	26.4

As announced on 7 February 2019. Numbers may not compute exactly due to rounding. "NdPr enrichment" is the proportion of TREO comprising Nd₂O₃ and Pr₆O₁₁.



Mineral Resources



Ore Reserves