

ASX ANNOUNCEMENT

INVESTOR PRESENTATION- AMVEST WEBINAR

8 October 2020



Arafura Resources Limited (ASX:ARU) (“Arafura” or the “Company”) is pleased to attach a copy of the presentation which was used as the basis of the webinar hosted by Amvest Capital. Amvest is a New York City based specialist investment management and corporate finance firm.

Mr Gavin Lockyer, Arafura’s Managing Director will be presenting live at the webinar. Subscribers to the Company’s announcements have been sent a link to the webinar. For future webinar invitations, please subscribe to the Company’s announcements at www.arultd.com.

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NdPr

North American Investor Update

Amvest Webinar
7 October 2020



(ASX:ARU)



Disclaimer

This presentation has been prepared by Arafura Resources Limited (Arafura, Arafura Resources or the Company) and is of a summary form only and therefore contains general background information which may not be complete. It should be read in conjunction with and full review made of Arafura Resources' disclosures and releases lodged with the Australian Securities Exchange (ASX) and available at www.asx.com.au.

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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 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 represented have not been materially modified from the original market announcement.

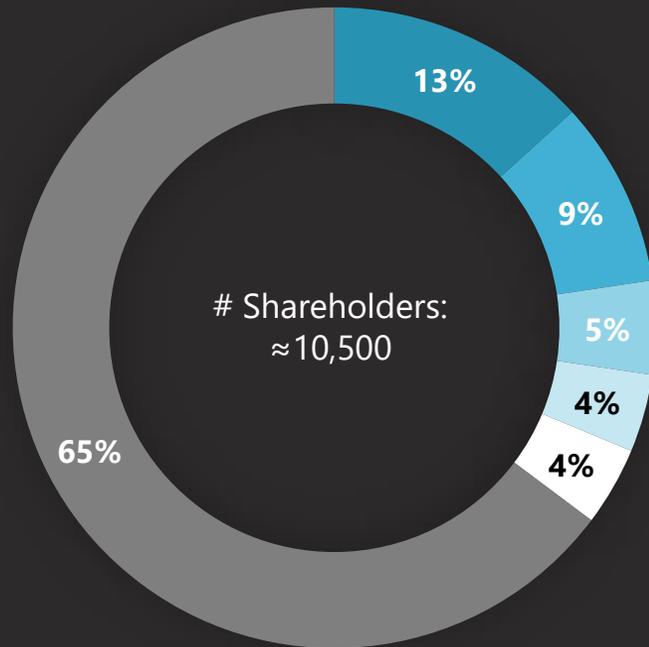
Production Targets and Forecast Financial Information

The information in this presentation that relates to production targets and financial information included in this presentation is extracted from ASX announcement dated 16 March 2020 (Major Increase in Mine Life for the Nolans Project). Arafura confirms that all material assumptions underpinning the production target and forecast financial information derived from production targets set out in the announcement released on 16 March 2020 (including the cost and pricing assumptions referred to in the Company's 16 March 2020 announcement that were used in the DFS and which are set out in the Company's ASX Announcement 7 February 2019 (Nolans Project Definitive Feasibility Study)), continue to apply and have not materially changed.

Arafura & the Nolans Project



Corporate Snapshot



JP Morgan Nominees Australia Pty Ltd
ECE Nolans Investment Company
Talaxis Ltd
Citicorp Nominees Pty Ltd
HSBC Custody Nominees (Australia) Ltd
Other

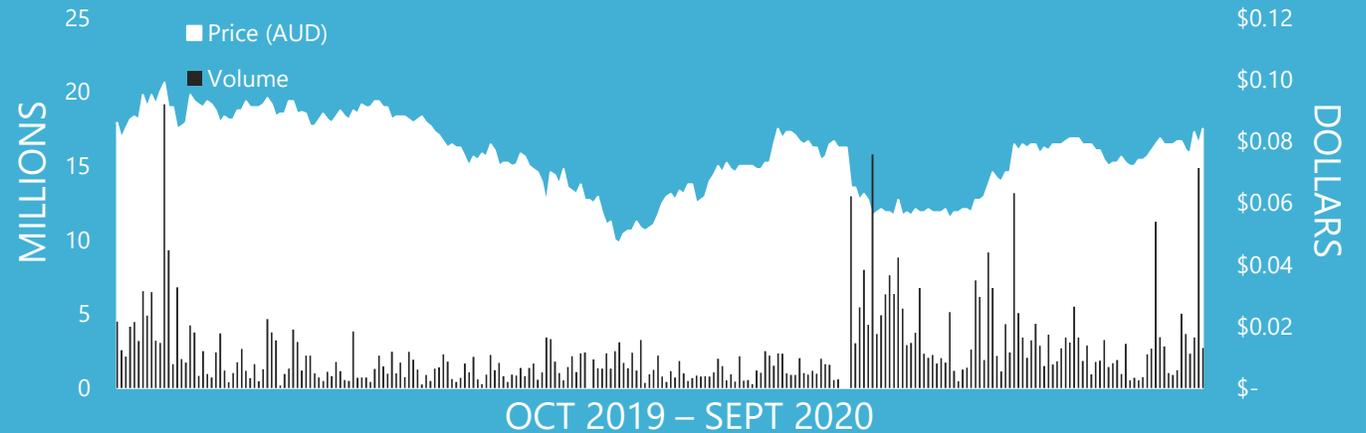
- ✓ Nolans world class NdPr project – DFS completed February 2019
- ✓ NdPr is the key input for high performance NdFeB permanent magnets
- ✓ NdPr is a critical input for the manufacture of energy efficient electric motors
- ✓ NdPr central to many clean energy applications including EVs and wind turbines - Globally Strategic

Capital Structure

ASX Code	ARU
ASX Share Price (6 October)	\$0.090
Shares on Issue	1,168m
Market Capitalisation*	\$89.92m
12 Month Liquidity	\$46.50m
Cash*	\$22.80m
Debt	Nil
Enterprise Value*	\$67.12m

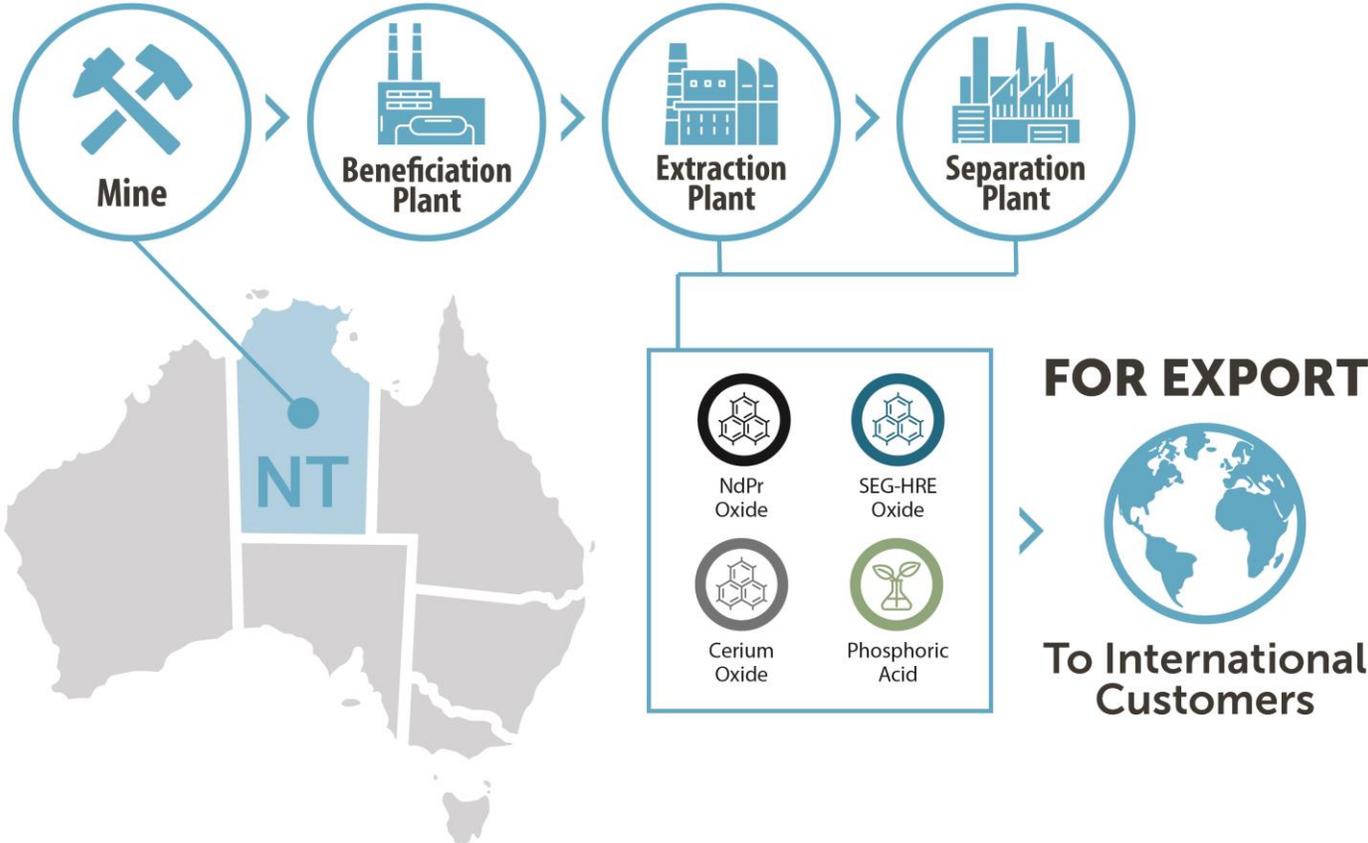
* Data based on 30 June 2020 Quarterly Report

12 Month Share Price Performance



Nolans NdPr Project

- ✓ Globally Strategic
- ✓ 100% Australian Domiciled



KEY FACTS

 **\$1 billion**
cost to develop & build

 **\$200 million**
annual cost to operate

 minimum **39-year**
mine life

 **135 kilometres**
from Alice Springs

 construction workforce of **620** operational workforce of **280**

 **5-10%** of the world's magnet rare earths supply

As announced on 16 March 2020

Nolans is "Shovel Ready"



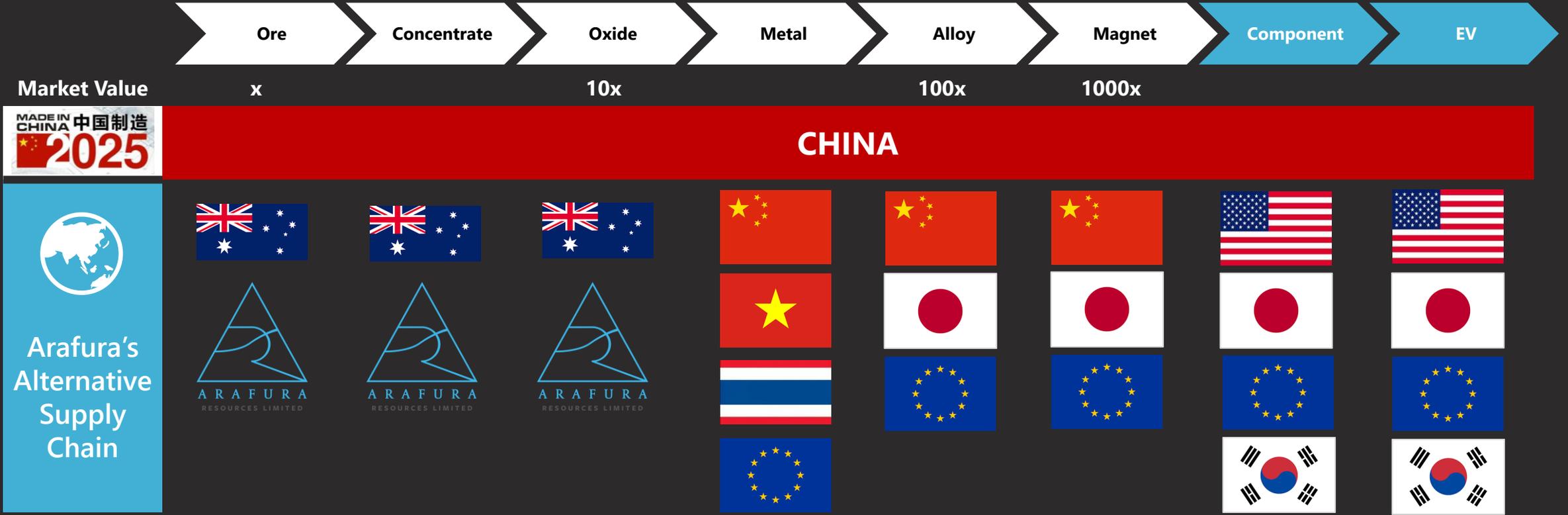
Pictured from left, Archie Glenn, Tony Scrutton and James Glenn signing the Native Title Agreement.

- 1 DFS completed 2019
- 2 Federal & NT environment approvals secured
- 3 Native Title Agreement executed
- 4 Mining Licence granted
- 5 Updated Ore Reserves & Life of Mine
- 6 Completion of Indigenous Engagement Strategy
- 7 Clough Worley joint venture for hydromet plant
- 8 Appointment of KBR/Wave as the IPMT for Nolans
- 9 Customer Verification of products
- 10 Key ongoing programs execution readiness, **Offtake and Project Funding**
- 11 **Nolans is shovel ready to meet global shortages.**

Critical Minerals Supply – a Global issue



Global Supply Chain



Market Value

MADE IN CHINA 中国制造 2025

Arafura's Alternative Supply Chain

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.**

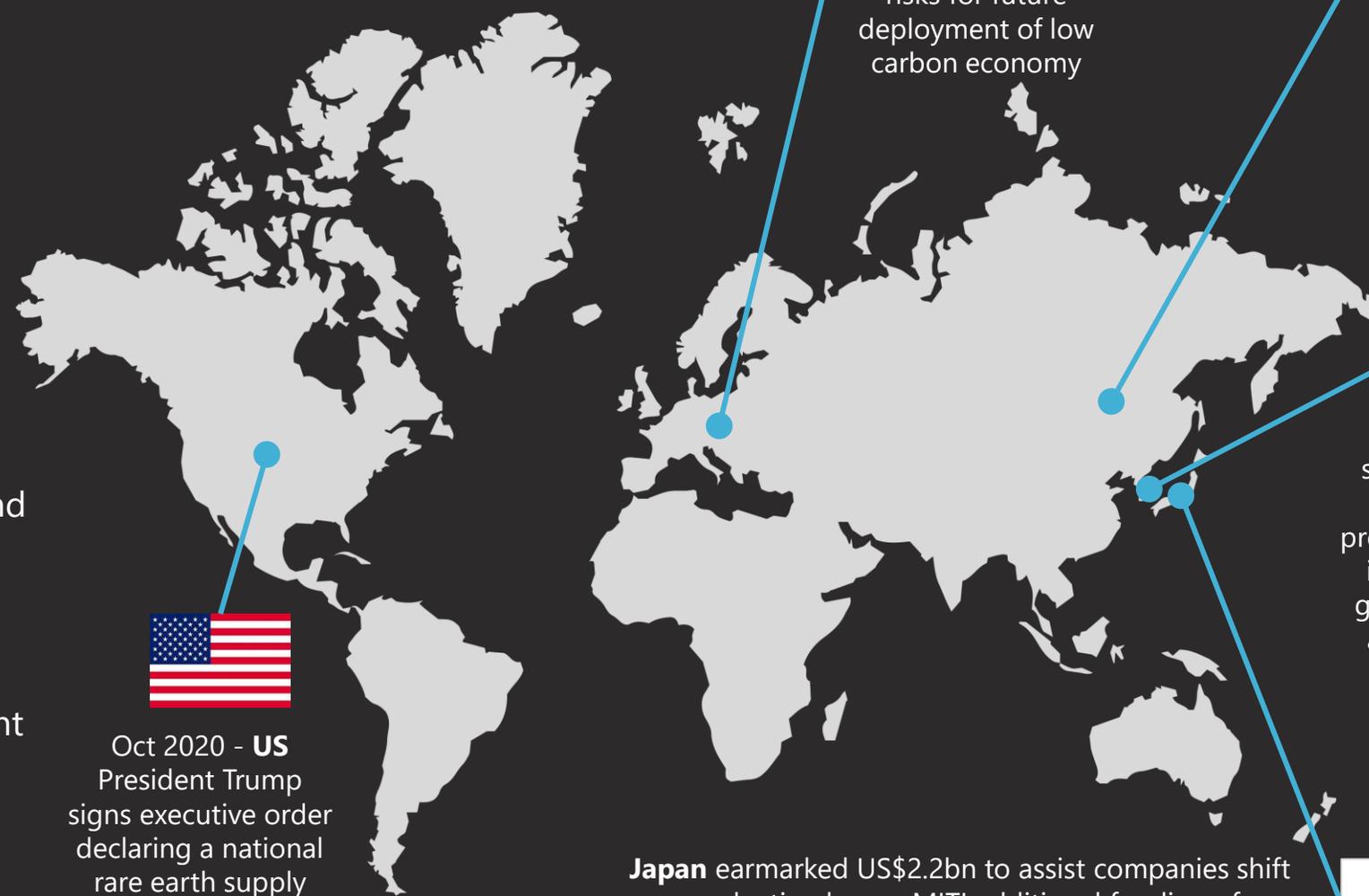
4

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

Rest of World's Critical Minerals Initiatives

Global supply chains planning to increase resilience

- ✓ Dual sourcing of materials
- ✓ Expanding supplier base
- ✓ Regionalizing supply chains
- ✓ Building stronger, reliable and transparent supply chains
- ✓ Widen scope of existing re-shoring plans
- ✓ Re-structuring of government policies



Oct 2020 - **US** President Trump signs executive order declaring a national rare earth supply chain emergency



2050 NET-ZERO EMISSIONS TARGET

Europe multiple initiatives to remove materials supply risks for future deployment of low carbon economy



2060 CARBON NEUTRAL TARGET

China has new 5-year plan with emphasis on renewables, e-mobility & domestic growth



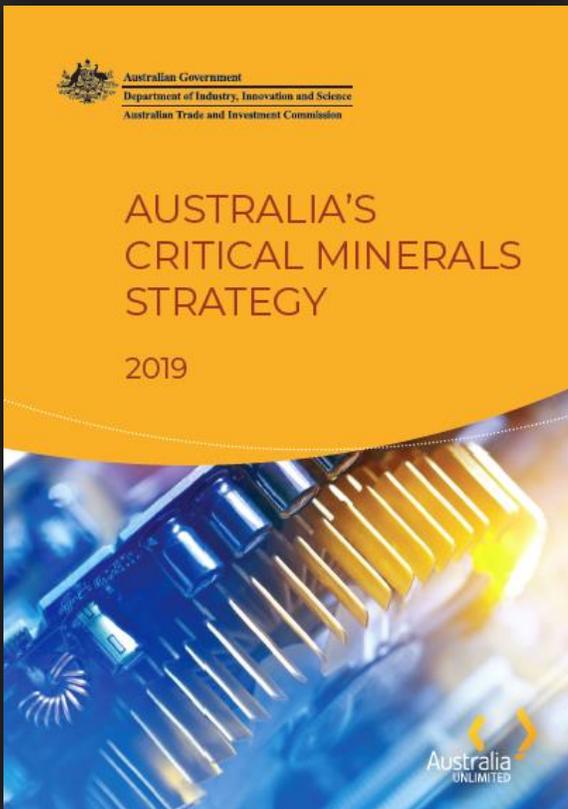
Korea looking to re shore production and create downstream processing opportunities in alliance with other governments to create an alternative supply chain.



Japan earmarked US\$2.2bn to assist companies shift production home. MITI additional funding of US\$423m to diversify sources for rare earths and cobalt



Australia's Critical Minerals Initiatives

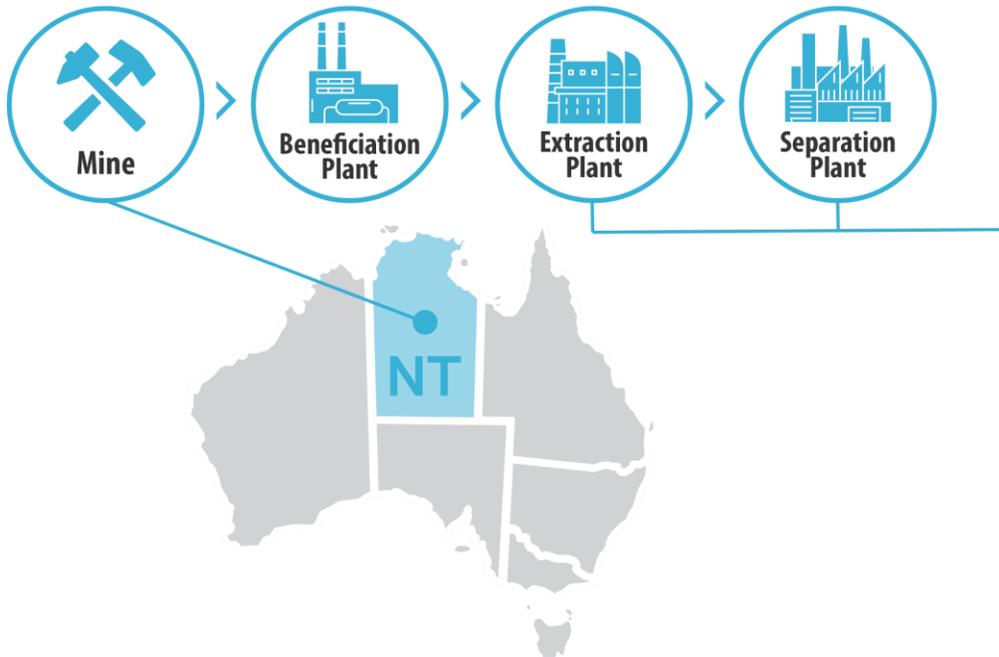


Nolans a Strategic Resource

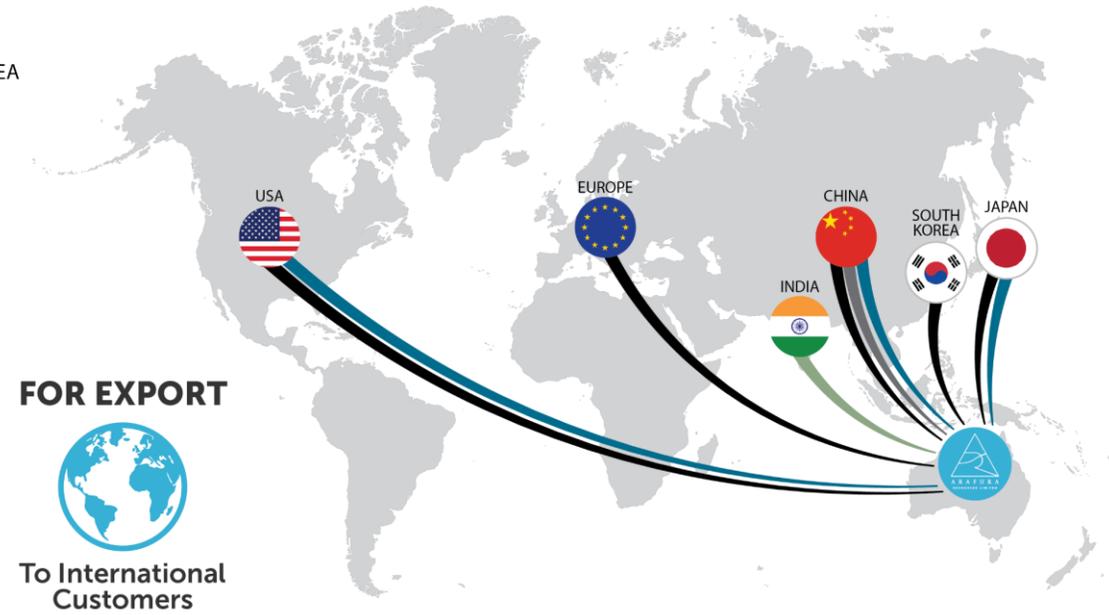


Nolans aims to supply **5-10% of global demand** for NdPr oxide

- ✓ Globally strategic and 100% Australian domiciled
- ✓ Sound project economics with 39-year mine life
- ✓ Ore to oxide at single site with approved waste management plan
- ✓ Phosphoric acid product places Nolans in a unique position to compete with China on cost
- ✓ Providing supply source certainty outside Made in China 2025 strategy



	EUROPE JAPAN SOUTH KOREA USA CHINA
	JAPAN USA CHINA
	CHINA
	INDIA



The Offtake Strategy

1

Customer engagement at varying levels (MoUs and term sheets) and targeted at NdPr users **not aligned** with *Made in China 2025* strategy

- **Japan** – NdFeB magnet manufacturers
- **Europe & Korea** – automotive component makers and OEMs, and wind turbine makers
- Appointment of European-based advisory firms to assist engagement.

2

Customer qualification of final rare earth oxide products completed and well within Total Rare Earth Oxide (TREO) specifications

3

Arafura has MOU for NdPr oxide tolling to metal conversion to meet customer needs

4

Offtake model aligned with Export Credit Agency (ECA) requirement to tie offtake to home jurisdiction. Project offtake closely linked to project funding.

Sales Distribution Targets

Region	Country	Customer	Target Market	NdPr (tpa)	Status
China	China	JingCi	NdFeB Magnet	700	MOU, drafting Offtake Agreement
	China	Baotou Tianhe	NdFeB Magnet	700	MOU
Total				1,400	
Rest of Asia	Korea		Trading & End User	350	Sale & Purchase framework discussion
	Japan		NdFeB Magnet	1,000	Offtake discussion, wants Japan exclusivity
Total				1,350	
Europe	Germany		Wind Turbine	400	Sale & Purchase framework discussion
	Germany		Automotive OEM	500	Offtake Terms Sheet circulated
	Germany		Automotive Component	150	Offtake Terms Sheet advanced
	France		Automotive Component	200	Offtake Terms Sheet advanced
	Germany		Automotive Component	250	Initial Supply Chain Engagement
	Germany		Automotive Component	minor	MOU & Offtake Terms Sheet discussion
Total				1,500	
Total Distribution Plan				4,240	
Average Annual Production				4,325	

- ✓ Volumes allocated to China are currently with Tier 1 NdFeB magnet manufacturers with significant export markets
- ✓ This will likely reduce as offtake arrangements are refined with non-Chinese end users

Project Financing



Project Funding Strategy

- ✓ 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, environmental approval and ML grant are critical enablers for engagement with funding partners
- ✓ Critical mineral supply and NdPr supply diversification strategies are topical with industry, ECAs and governments
- ✓ Nolans a key critical minerals project identified for potential financing support through Australian Government's Export Finance Australia (EFA) and Northern Australia Infrastructure Facility (NAIF)

Offtake & Equipment Procurement

- ✓ Offtake long term strategic supply
- ✓ Procurement for high value specialist capital equipment

Export Credit Agencies

- ✓ Government-backed direct loans and guarantees
- ✓ Leveraged to strategic link with NdFeB magnet supply and capital equipment procurement
- ✓ NAIF mandate – encourage investment and Indigenous engagement in Northern Australia

Commercial Banks

- ✓ Long-life project, high margin and low-cost producer
- ✓ Offtake and Export Credit Agency(s) (ECA) – reduce market exposure and credit risk
- ✓ Improved bankability for conventional lenders

Equity

- ✓ ECA and bank involvement “halo-effect” – reduced funding risk and less equity dilution
- ✓ Market and technical validation
- ✓ JV / Project selldown opportunities

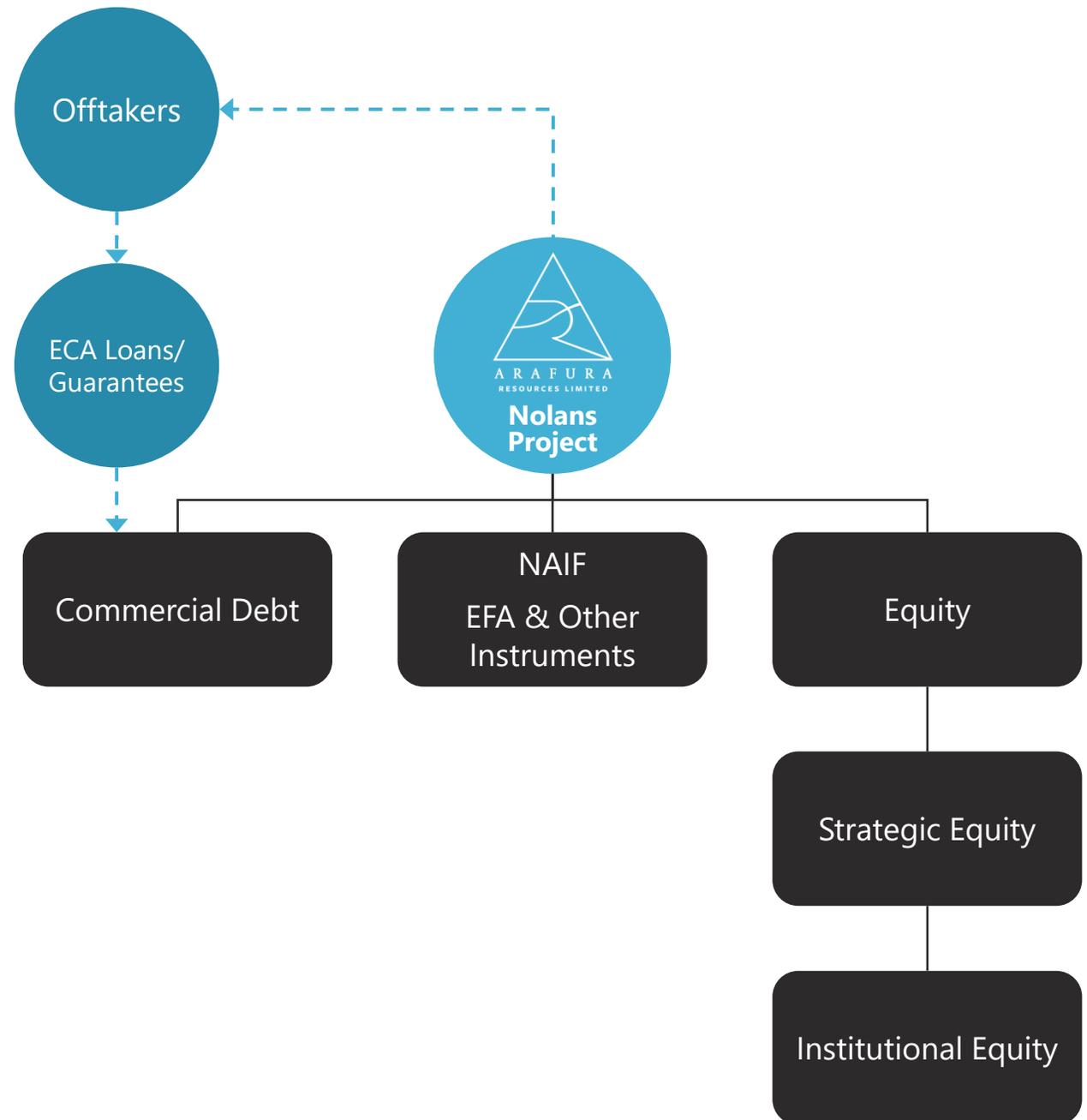
The ECA-led Funding Strategy



- ✓ Nolans is a strategic **Australia** based **NdPr** project
 - ✓ production aligned with forecast supply shortages in mid 2020s
 - ✓ Product wholly aligned with key ECA mandates of e-mobility and renewables
- ✓ Debt led funding structure, targeting ECA funding
 - ✓ ECAs are seeking well structured projects, critical raw materials (CRM) production and best-practice ESG standards
- ✓ **Debt process now “live” with advisory appointments**

Targeted Funding Structure

- ✓ ECA debt will be critical but not the entire funding solution
- ✓ Portfolio of funding sources
- ✓ Offtake, debt and strategic equity all interlinked and driving schedule



Current Focus



Current Focus

**1**

Prioritising project work streams against cash conservation priorities in light of COVID-19 and uncertain recovery of capital markets.

2

Provision of sample product & advancing terms sheets with end users for offtake.

3

Escalate engagement with financiers & financial advisors for project financing.

4

Continued dialogue with Australian & other governments seeking to establish non-Chinese critical minerals supply chains.

Indicative Production Timeline

- ✓ Targeting Front-End Engineering & Design (FEED) to be fully funded prior to commencement
- ✓ Timeline subject to change due to impact by COVID-19 on funding and offtake activities

Works Activity	Execution Readiness				Early Contractor Involvement				Enabling Works Construction				Construction												Production																	
	Months Duration from Project Commitment Date																																									
	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35		
Project Commitment																																										
Production Commitment																																										
First Production																																										
EXECUTION & OPERATIONAL READINESS																																										
FEED & ENGINEERING DEVELOPMENT																																										
PROCUREMENT & CONSTRUCTION																																										
COMMISSIONING & RAMP-UP																																										



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Appendices



Experienced Board



MARK SOUTHEY
CHAIRMAN

Mark Southey has previously held senior executive positions with Honeywell and ABB both in Australia and internationally, and more recently was part of the global executive leadership team within WorleyParsons, where he held the position of Group Managing Director for the Minerals, Metals and Chemicals Sector. He is Chair of Arafura Resources' Remuneration and Nomination Committee and is a member of the Audit and Risk Committee.



CHRIS TONKIN
NON-EXECUTIVE DIRECTOR

Chris Tonkin has over 35 years' experience as a senior business executive with a broad industry background in business generation, management, and strategy development. He is a member of Arafura Resources' Remuneration and Nomination and is the Chair of the Audit and Risk Committee.



QUANSHENG ZHANG
NON-EXECUTIVE DIRECTOR

Quansheng Zhang holds a Doctoral degree in Engineering and a Masters degree in Geophysical Prospecting. He is based in Nanjing in the Peoples Republic of China and is the General Manager of Hong Kong East China Non-Ferrous Mineral Resources Co Ltd (HKECE). Quansheng has over 30 years of mineral prospecting and exploration experience, and expertise in mineral resource surveys and geophysics.



CATHY MOISES
NON-EXECUTIVE DIRECTOR

Cathy Moises has extensive resource sector experience having worked for several major stockbroking firms including McIntosh (now Merrill Lynch), County Securities (now Citigroup) and Evans and Partners. More recently, she was Head of Research at Patersons Securities. Cathy holds a Bachelor of Science with Honours in Geology from the University of Melbourne and a Diploma of Finance and Investment from the Securities Institute of Australia. She is a member of Arafura's Remuneration and Nomination and Audit and Risk Committees.



GAVIN LOCKYER
MANAGING DIRECTOR

Gavin Lockyer's diverse, global experience has provided management and leadership opportunities in a range of disciplines including; Accounting, Financial & Investment Banking, Major Resource Development & Operations, and Global Bank Treasuries. Over the past 20 years his career has exposed him to business practices in North America, Europe, and Australasia.

Experienced Management



RICHARD BRESCIANINI
GENERAL MANAGER
EXPLORATION & BUSINESS
DEVELOPMENT

Richard has over 30 years' experience in the minerals industry. He worked with BHP Minerals on base and precious metals exploration programs throughout Australasia and North America, contributing to significant economic discoveries at Eloise (copper-gold) and Cannington (silver-lead-zinc). Thereafter he led the Northern Territory Government's Geological Survey as its Director from 2003 to 2007 before joining Arafura.



PETER SHERRINGTON
CHIEF FINANCIAL OFFICER &
COMPANY SECRETARY

Peter commenced employment with Arafura in 2008 as Commercial Manager and was appointed Chief Financial Officer in July 2013. He has more than 20 years' experience in professional and corporate roles in Perth. Prior to working with Arafura, he held senior finance and commercial positions with several ASX and public unlisted entities. He has also worked in public practice for 10 years in the areas of business services and corporate advisory.



LLOYD KAISER
GENERAL MANAGER
SALES & MARKETING

Lloyd has more than 10 years' experience in the sales and marketing of industrial minerals into high value sector markets including the nuclear, automotive, and advanced ceramics sectors. Prior to joining Arafura, he held several senior positions in account management, business development and marketing across a diverse range of commodities and chemicals including alumina, coal, industrial minerals, refractories, and ceramics.



BRIAN FOWLER
GENERAL MANAGER
NT & SUSTAINABILITY

Brian has worked for over 40 years in private sector mineral companies developing a range of commodities, including rare earths, base metals, and gold. Brian is a member of the Northern Territory Mining Board, Management Board of the Northern Territory Minerals Council of Australia, and a member of Work Health & Safety Advisory Council of the Northern Territory.



STEWART WATKINS
GENERAL MANAGER
PROJECTS

Stewart has 25 years' experience in many facets of the mining industry including operations, engineering consulting, project development and management. Stewart is a Fellow of the AusIMM. This has included a wide range of roles including corporate and business management, business development, project/study management, process design, commissioning and process plant operation.

Long Life Asset

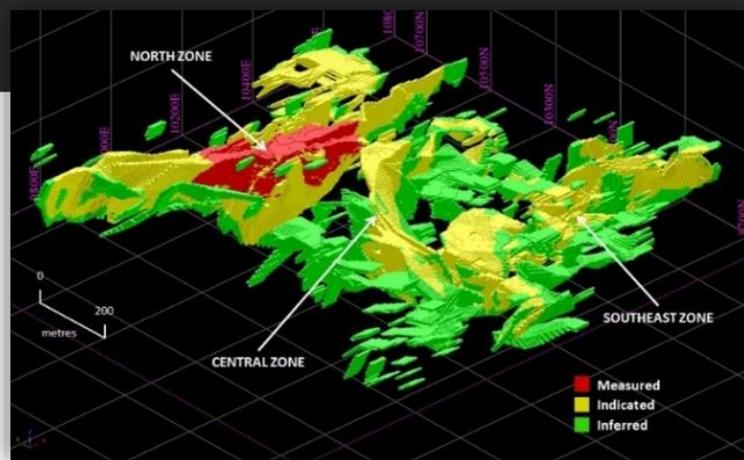
RESOURCES	TONNES (m)	RARE EARTHS TREO %	PHOSPHATE P ₂ O ₅ %	NdPr ENRICHMENT %
Measured	4.9	3.2	13	26.1
Indicated	30	2.7	12	26.4
Inferred	21	2.3	10	26.5
TOTAL	56	2.6	11	26.4

As announced on 7 June 2017. 1% TREO cut-off grade. Numbers may not compute exactly due to rounding. "NdPr enrichment" is the proportion of TREO comprising Nd₂O₃ and Pr₆O₁₁.

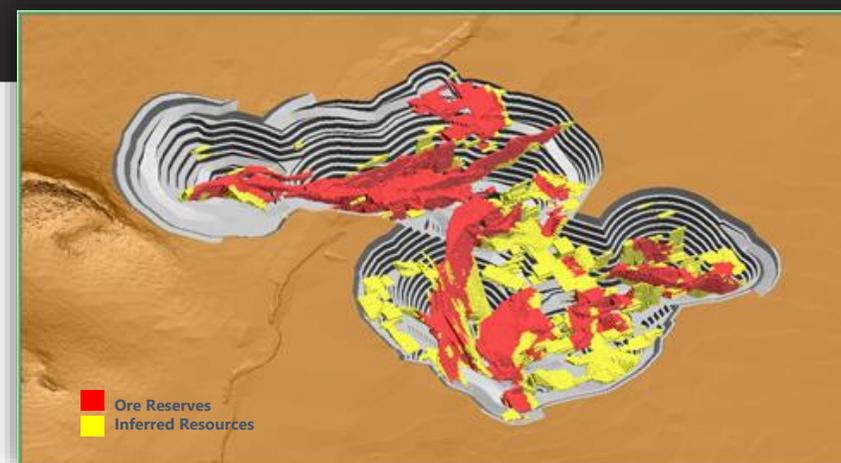
RESERVES	TONNES (m)	RARE EARTHS TREO %	PHOSPHATE P ₂ O ₅ %	NdPr ENRICHMENT %
Proved	5.0	3.0	13	26.2
Probable	24.6	2.8	13	26.5
TOTAL	29.5	2.9	13	26.4

As announced on 16 March 2020. Numbers may not compute exactly due to rounding. "NdPr enrichment" is the proportion of TREO comprising Nd₂O₃ and Pr₆O₁₁.

Mineral Resources



Ore Reserves



Robust Economics

	Ore Reserves	Mining Inventory
Mining & Processing		
Project Life (years)	33	39
Production		
NdPr Oxide (tpa)	3,923	4,325
Financial		
Capital Cost (A\$m)	1,003	1,026
KPI Analysis		
Operating Cost (US\$/kg NdPr with Phosphoric Acid credit)	\$27.02	\$23.71
NPV10 after tax (A\$m)	782	968
IRR after tax (%)	17.29%	17.97%
After tax payback	Year 5	Year 5

As announced on 16 March 2020. Average production and costs are calculated as the arithmetic annual average following the anticipated three year ramp up and excluding the partial final year of production.

- ✓ DFS in 2019 and Ore Reserves updated 2020
- ✓ Capital cost **A\$1006m**
- ✓ Low cost producer at **US\$23.71/kg NdPr** (current price US\$47.8/kg)
- ✓ **39-year** mining inventory with expansion potential
- ✓ Only Australian NdPr-focused project that is **shovel ready**