

# COMMUNITY UPDATE

JULY 2020



ARAFURA  
RESOURCES LIMITED

## OVERVIEW

Arafura's Nolans Rare Earths Project is two steps closer to the start of construction after key agreements with traditional owners and the Northern Territory Government.

In June, Arafura signed a Native Title Agreement with Anmatyerr native title holders that acknowledges their rights and provides agreed access to the Nolans site.

As a result, Minister for Primary Industry and Resources, Paul Kirby, has granted the Mineral Leases needed for Arafura to start work.

The key remaining steps are for Arafura to:

- submit its mining management plan
- raise the funds to start construction.

Subject to financing, Arafura hopes to start construction in 2021.

## OUTLINE OF THE PROJECT

Arafura Resources, an ASX-listed company with offices in Perth and Darwin, is planning to mine and process one of the world's largest deposits of rare earths near Aileron in Central Australia.

The Nolans Project is 135 kilometres north of Alice Springs and about 10 kilometres west of the Aileron Roadhouse and Stuart Highway.

About 85 per cent of the revenue from the project will come from two rare earths, Neodymium and Praseodymium (NdPr).

NdPr are essential elements in ultra-strong magnets used in electric cars, smart phones, wind turbines and robotics. They are in high demand and increasingly short supply around the world.

The project will also produce phosphoric acid, likely to be used for fertiliser production in India.

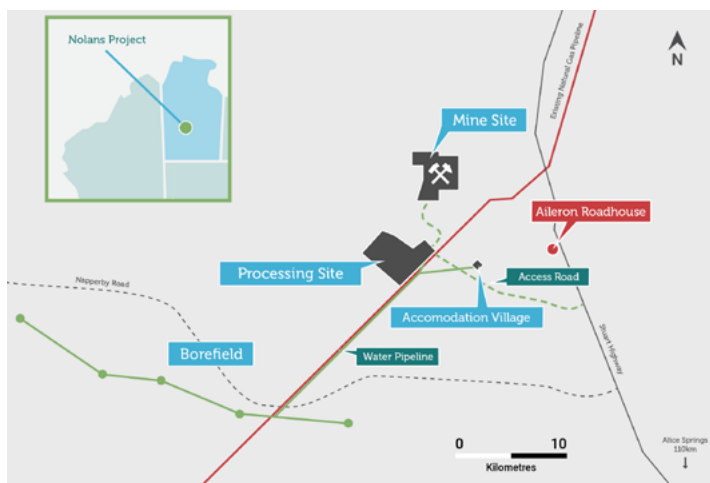
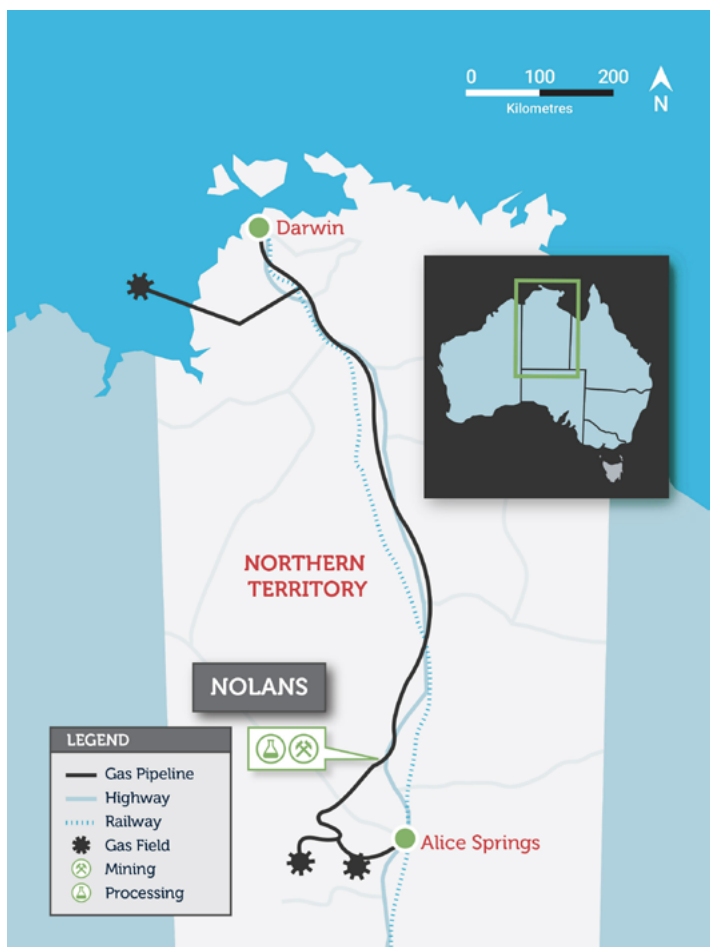
The Nolans Project is expected to be in operation for at least 39 years, which means plenty of opportunities for local people.

Activities at the Nolans site will include mining, crushing and milling of the mined ore, concentrating of the milled ore, and complex chemical treatment of the concentrate to produce highly refined rare earth and phosphoric acid products. These products will be taken by road to Alice Springs then rail to Darwin Port for export.

Other site works include an accommodation village for 600 during construction and 300 during operations.

Water for the project will come from a borefield to the south-west of the process plant, outside the Ti Tree Water Control District.

All waste generated by mining and processing will be securely managed at the site tailings storage dams. This includes some naturally occurring uranium and thorium.





## NATIVE TITLE AGREEMENT

Arafura signed an exploration agreement with the traditional owners in 2005, through the Central Land Council (CLC). This included payments to compensate them for Arafura's impact on their native title rights. Some of this money has been invested in community development projects, such as a laundry block at Alyuen and sports activities.

In February 2020, after lengthy negotiations with the CLC, Arafura met with Anmatyerr native title holders near Aileron. Attendees at the meeting agreed in principle to the content of the Native Title Agreement (NTA).

Formal approval of this agreement by the Executive Committee of the CLC was delayed due to COVID-19 travel bans. The committee has since met by videoconference and the NTA has been signed by directors of the three relevant native title holder groups.

The agreement provides a range of benefits to native title holders, including jobs and training with the project.

It also paved the way for the Northern Territory Government to grant Arafura's Mineral Leases.

*Pictured from left, Archie Glenn, Tony Scrutton and James Glenn*



## INDIGENOUS ENGAGEMENT STRATEGY

Arafura wants to be an employer of choice in Central Australia as well as helping Aboriginal people achieve their aspirations for jobs, business opportunities and better community facilities.

In 2019, Arafura engaged Saltbush Enterprises (part of the Karen Sheldon Group) to prepare an Indigenous Engagement Strategy for the Nolans Project. This included workshops in Darwin and Alice Springs with key stakeholders from the CLC, business, government, employment and training organisations.

The plan acknowledges that Aboriginal people in Central Australia often have little or no work history – let alone at a mine site – so may require mentoring, pre-employment training and skills development in order to transition to jobs with Arafura and its suppliers.

The priority actions of the plan are:

- ➔ jobs and training opportunities for local Aboriginal people
- ➔ opportunities for Aboriginal businesses
- ➔ respect for Aboriginal culture, rights, values and beliefs
- ➔ protection of sacred and heritage sites.

Arafura will take steps to ensure its commitments to its stakeholders are understood and met.

*Arafura's Brian Fowler and Gavin Lockyer with Karen Sheldon*





## MINERAL LEASE

Before exploring and drilling on land that looks good for minerals, mining companies must get an Exploration Licence under the *Mineral Titles Act 2010 (NT)* and sacred site clearances under the *Aboriginal Sacred Sites Act 1989 (NT)*.

If companies discover an economic deposit of minerals, they need environmental approvals and agreement with traditional owners. To build a mine, companies need a Mineral Lease to provide long-term security over the site and an approved mining management plan (MMP) that details how the project will be operated and managed. The MMP includes plans for progressive and final rehabilitation.

## PROGRESS

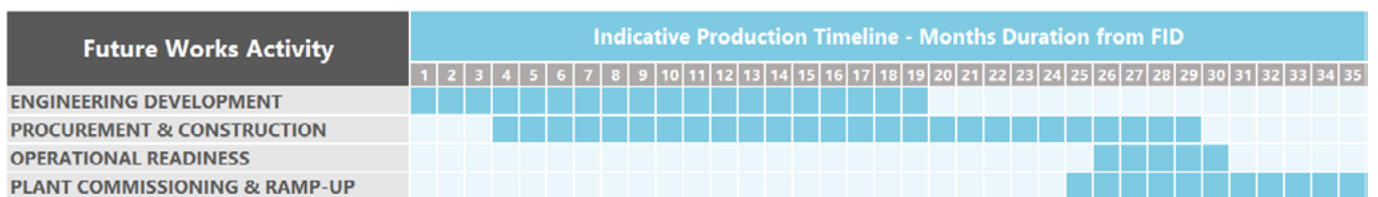
Arafura submitted its environmental impact statement (EIS) to the Northern Territory and Australian Governments in 2016 and received environmental approval over the next two years. Other key milestones:

- ➔ Arafura has Major Project Status from the Northern Territory Government, and strong support under the Australian and Northern Territory Governments' critical minerals strategies
- ➔ it has completed a feasibility study, which found Nolans to be a technically and commercially sound project with low operating costs
- ➔ it has completed successful technical and engineering trials on the best way to separate the rare earths to customer specifications (a bit like working out the right recipe for a complex cake)
- ➔ it has preliminary agreements with several overseas customers to buy the rare earths and phosphoric acid
- ➔ Talaxis has taken a 4.7% share in the company (Talaxis invests in technology metals projects such as rare earths and is a subsidiary of global commodities trader Noble Group)
- ➔ Arafura has raised a substantial amount of capital to get the project to where it is today, but needs more to start construction

- ➔ the project is under review for low interest development loans by both the Northern Australia Infrastructure Facility (NAIF) and Export Finance Australia (EFA)
- ➔ Arafura hopes to finalise its project funding and make a final investment decision (FID) in 2021
- ➔ first production of rare earths is 35 months after FID.



Rare Earth Processing Pilot Plant



Subject to completion of permitting, product offtake, financing, and construction of mining infrastructure



## THE MARKET

Most of the world's NdPr is produced in China, with Australian company Lynas the only other large supplier outside China.

Global consumption of rare earths is expected to increase as all countries pursue clean energy strategies. However, it is predicted the world will face a shortfall in the supply of rare earths by the mid-2020s.

This gives Arafura a window of opportunity to capitalise on these market dynamics as well as a chance to challenge the dominance of China's rare earths industry.

## NEXT STEPS

Arafura will submit a mining management plan under the *Mining Management Act 2001 (NT)*. This outlines how it will operate and ultimately close the project, manage and mitigate any impacts, and comply with mining regulations and its environmental approval conditions.

The company has secure access to a water supply that will meet the operational requirements of the project.

After making a final investment decision, Arafura will access services provided by the NT Industry Capability Network, Northern Territory Government and business groups to outline procurement opportunities.

## FOR MORE INFO



Visit our website at [www.arultd.com](http://www.arultd.com), follow us on Twitter, LinkedIn or subscribe to receive our updates.

You can contact General Manager Northern Territory and Sustainability Brian Fowler on 08 6370 2800 or [arafura@arultd.com](mailto:arafura@arultd.com).

## KEY FACTS



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



**\$225 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