



L10010 ANNUAL REPORT

REPORTING PERIOD: 01 JULY 2023 TO 30 JUNE 2024

GROUNDWATER EXTRACTION LICENCE L10010

Document No: NRE-0000-H-RPT-N-0006 Rev 0

Project Name: Nolans Rare Earths

NdPr



REVISION HISTORY

12/07/2024	Rev 0	Issue for Use to DEPWS	G. Calderon Environmental Scientist	D. Jordan Manager Environment	S. Macnaughton Chief Operations Officer
Date	Revision	Description	Prepared	Reviewed	Approved



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OPERATOR NAME: ARAFURA RARE EARTHS LIMITED

PROJECT NAME: NOLANS RARE EARTHS

GROUNDWATER EXTRACTION LICENCE: L10010

REPORTING PERIOD: 01 JULY 2023 TO 30 JUNE 2024

DISTRIBUTION: DEPARTMENT OF ENVIRONMENT, PARKS AND WATER SECURITY

The annual report must be endorsed by a senior representative of the company who has the appropriate level of delegation.

Declaration of Accuracy	
I Stuart Macnaughton, Chief Operations Officer declare that to the best of my knowledge the information contained in this Annual Report is true and correct and all operational activities undertaken during the reporting period were in accordance with the water licence L10010, and in accordance with all the relevant Local, Northern Territory and Commonwealth Government legislation.	
Signed:	
Full name:	Stuart Macnaughton
Position:	Chief Operations Officer
Organisation:	Arafura Rare Earths Limited
Date:	12/07/2024

1.0 INTRODUCTION

Arafura Rare Earths Pty Ltd, now operating as Arafura Nolans Project Pty Ltd (hereinafter referred to as Arafura or the Operator), was granted with the Groundwater Extraction Licence – GWEL L10010 on 25 August 2022. This licence permits the extraction of 40 ML/year from a local aquifer located in NT Portion 703 Aileron. The preparation of this annual report is in accordance with condition (C3.6) of L10010, as rephrased below:

3.6 – the licence holder must provide an annual report to the Controller within 2 weeks of 30 June each year which:

- a) Details compliance with the conditions of this licence in the previous financial year;*
- b) Identifies exceedances of triggers values in the licence documents and actions taken in response;
and*
- c) Details any changes to triggers values in the licence documents.*

1.1 Project and Operator Details

The Project will encompass a rare earths mine, process plant (comprising beneficiation, extraction and separation plants) and related infrastructure to be constructed and located at the Nolans site. The Nolans site is located 135 km northwest of Alice Springs, and approximately 10 km west of the Aileron Roadhouse in the Northern Territory (NT). Arafura Nolans Project Pty Ltd and Arafura Rare Earths Ltd are considered together within this document as the owner and operator of the Nolans Rare Earths Project (collectively referred to as the Company, or Arafura). Arafura is an Australian mineral exploration and development company focusing on Neodymium and Praseodymium (NdPr) rare earths, and this is their flagship Project. Arafura is headquartered in Perth, Western Australia and was listed on the Australian Stock Exchange (ARU) in 2003. A summary of the Project and Operator details are presented in Table 1—1 below.



Table 1—1 Operator Details

Operator Details	
Groundwater Extraction Licence	L10010
Project Name	Nolans Rare Earths
Location	135 km northwest of Alice Springs, Northern Territory
Approval Holder	Arafura Rare Earths Pty Ltd
Approval Holder and Operator Details	<p>Arafura Nolans Project Pty Ltd ACN 118 158 900 ABN 88 118 158 900</p> <p>Arafura Rare Earths Ltd ACN 080 933 455 ABN 22 080 933 455</p> <p><i>Head Office:</i> Address: Level 6, 432 Murray St Perth WA 6000 PO Box: 5773 St Georges Terrace Perth WA 6831 Phone: +61 8 6370 2800 Email: arafura@arultd.com</p>



2.0 ASSESSMENT OF COMPLIANCE

The following Table 2—1 shows the compliance designation used for the Groundwater Extraction Licence Annual Report L10010, adopted from the Annual Compliance Report Guidelines (DCCEE, 2023).

Table 2—1 Assessment of compliance

Designation	Description
Compliant	Compliant with all requirements of the condition.
Partially Compliant	Compliant with some requirements of the condition.
Non-compliant	Non-compliant with the requirements of the condition.
Non-applicable	Requirements in the condition are outside of scope, in the reporting period.



3.0 COMPLIANCE AGAINST CONDITIONS IN THE GWEL L10010

Table 3—1 below provides a summary of Arafura’s compliance with the commitments in the Groundwater Extraction Licence – GWEL L10010.

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Table 3—1 Compliance with Conditions in the GWEL L10010

Item	Commitment and/or Conditions	Is the Project Compliant with this Condition?	Evidence/Comments																								
1	<p><u>Condition 1.1</u></p> <p>The licence holder must extract no more than the stated Total Maximum Water Entitlement from the listed groundwater resource for the period listed in Table 1.</p> <p><i>Table 1. Total Maximum Water Entitlement per Period</i></p> <table border="1" data-bbox="264 883 932 1344"> <thead> <tr> <th>Period</th> <th>Entitlement</th> </tr> </thead> <tbody> <tr> <td>01-Sep-2022 to 30-Jun-2023</td> <td>33 ML</td> </tr> <tr> <td>01-Jul-2023 to 30-Jun-2024</td> <td>40 ML</td> </tr> <tr> <td>01-Jul-2024 to 30-Jun-2025</td> <td>40 ML</td> </tr> <tr> <td>01-Jul-2025 to 30-Jun-2026</td> <td>40 ML</td> </tr> <tr> <td>01-Jul-2026 to 30-Jun-2027</td> <td>40 ML</td> </tr> <tr> <td>01-Jul-2027 to 30-Jun-2028</td> <td>40 ML</td> </tr> <tr> <td>01-Jul-2028 to 30-Jun-2029</td> <td>40 ML</td> </tr> <tr> <td>01-Jul-2029 to 30-Jun-2030</td> <td>40 ML</td> </tr> <tr> <td>01-Jul-2030 to 30-Jun-2031</td> <td>40 ML</td> </tr> <tr> <td>01-Jul-2031 to 30-Jun-2032</td> <td>40 ML</td> </tr> <tr> <td>01-Jul-2032 to 31-Aug-2032</td> <td>7 ML</td> </tr> </tbody> </table>	Period	Entitlement	01-Sep-2022 to 30-Jun-2023	33 ML	01-Jul-2023 to 30-Jun-2024	40 ML	01-Jul-2024 to 30-Jun-2025	40 ML	01-Jul-2025 to 30-Jun-2026	40 ML	01-Jul-2026 to 30-Jun-2027	40 ML	01-Jul-2027 to 30-Jun-2028	40 ML	01-Jul-2028 to 30-Jun-2029	40 ML	01-Jul-2029 to 30-Jun-2030	40 ML	01-Jul-2030 to 30-Jun-2031	40 ML	01-Jul-2031 to 30-Jun-2032	40 ML	01-Jul-2032 to 31-Aug-2032	7 ML	Compliant	<p>Arafura has not yet commenced water extraction or pit dewatering at the mine site.</p> <p>The following bores have been drilled in the mine site area to date, under separate approvals: one dewatering bore drilled in 2011 (see Item 4 below), and 10 monitoring bores drilled in 2023.</p> <p>On 19 October 2023, Arafura submitted an application to amend water licence L10010 to the Water Controller at the Department of Environment, Parks and Water Security (DEPWS). The purpose of the application was to:</p> <ul style="list-style-type: none"> (i) Address Special Condition 3.2 in water licence L10010 (see Item 9 below). (ii) Formally register the dewatering bore (RN043745) in L10010. <p>The application included:</p> <ul style="list-style-type: none"> • Provision of WAMP Rev 3.2 (see Item 8 below for further context). • A letter confirming peer review of WAMP Rev 3.2, by independent consultants from EMM Consulting.
Period	Entitlement																										
01-Sep-2022 to 30-Jun-2023	33 ML																										
01-Jul-2023 to 30-Jun-2024	40 ML																										
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Item	Commitment and/or Conditions	Is the Project Compliant with this Condition?	Evidence/Comments
			<ul style="list-style-type: none"> • Details of the dewatering bore. <p>Details of the ten monitoring bores were provided to DEPWS within WAMP Rev 3.2 (Appendix 13, L10010 Special Conditions).</p> <p>At the end of the reporting period covered by this report, the application described above was under assessment by DEPWS.</p>
2	<p><u>Condition 1.2</u></p> <p>The licence holder must ensure water extracted under this licence is not wasted. For the purpose of this condition water is wasted where, irrespective of intention:</p> <p>a) more water is used than is reasonably necessary for the immediate purpose for which water is taken, including used for irrigation;</p> <p>b) an unnecessary or excessive flow or flood of water is allowed to occur; or</p> <p>c) water is taken without adequate control or supervision of its taking.</p>	Compliant	<p>As outlined in Item 1 above, Arafura has not yet commenced water extraction or pit dewatering at the mine site.</p> <p>Item 7 below provides the dates for quarterly reports that Arafura has submitted, confirming zero extraction.</p> <p>Of note, as the bore is located on Aileron Station, some extraction has occurred by the pastoralist for use in station activities.</p>
3	<p><u>Condition 1.3</u></p> <p>The licence holder may only extract water under this licence from a</p>	Compliant	<p>As per Item 1 above, application to have dewatering bore (RN043745) added to water licence L10010 is currently under assessment by</p>

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Item	Commitment and/or Conditions	Is the Project Compliant with this Condition?	Evidence/Comments
	bore listed on this licence.		DEPWS.
4	<p><u>Condition 1.4</u></p> <p>The licence holder must maintain the bores used for extracting water under this licence in accordance with the National Uniform Drillers Licensing Committee 'Minimum Construction Requirement for Water Bores in Australia' as amended.</p>	Compliant	<p>Dewatering bore (RN043745) was installed by drilling company H2O in 2011, in accordance with the Australian Minimum Construction Requirements for Water Bores.</p> <p>As per Item 1 above, application to have this added to L10010 is currently under assessment by DEPWS.</p>
5	<p><u>Condition 1.5</u></p> <p>The licence holder may only extract water under this licence for use on a property listed on this licence.</p>	Compliant	<p>As per Item 1 above, Arafura has not commenced water extraction.</p> <p>Once extraction commences, the water from the dewatering bore will be used within the property listed in L10010, which is NT Portion 703 Aileron.</p>
6	<p><u>Condition 2.1</u></p> <p>Extraction from the listed groundwater resource must be recorded by a meter or meters supplied, installed and maintained by the licence holder in accordance with the Northern Territory Non-Urban Water</p>	Compliant	<p>As outlined in Item 1 above, Arafura has not yet commenced water extraction or pit dewatering at the mine site.</p>

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Item	Commitment and/or Conditions	Is the Project Compliant with this Condition?	Evidence/Comments
	Metering Code of Practice for Water Extraction Licence, as amended from time to time.		<p>Item 7 below provides the dates for quarterly reports that Arafura has submitted, confirming zero extraction.</p> <p>Of note, as the bore is located on Aileron Station, some extraction has occurred by the pastoralist for use in station activities.</p>
7	<p><u>Condition 2.2</u></p> <p>Within two (2) weeks of 30 September, December, March and June of each year, and within two weeks of the expiry date, the licence holder must supply the Controller with a record of water extraction, reported by calendar month, from each of the listed bores.</p>	Compliant	<p>Water consumption reports have been submitted quarterly via email to water.regulation@nt.gov.au, as required by this condition.</p> <p>Zero extraction has been reported on a quarterly basis, since L10010 was granted on 08 August 2022.</p> <p>Reporting was completed on the following dates:</p> <ul style="list-style-type: none"> • 03 October 2022 • 04 April 2023 • 04 July 2023 • 08 March 2024 • 01 April 2024
8	<p><u>Condition 3.1</u></p> <p>The licence holder must maintain, implement and comply with the current version of the documents listed in Table 2.</p>	Compliant	<p>The Arafura Resources Limited Water Extraction Plan (ARWAP) Rev 2.0 was superseded by the Water Abstraction Management Plan (WAMP)</p>

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Item	Commitment and/or Conditions	Is the Project Compliant with this Condition?	Evidence/Comments						
	<p><i>Table 2. Licence documents</i></p> <table border="1" data-bbox="247 610 1005 719"> <thead> <tr> <th>Document title</th> <th>Short title</th> <th>Version</th> </tr> </thead> <tbody> <tr> <td>Arafura Resources Limited Water Abstraction Plan</td> <td>ARWAP</td> <td>2 (9 September 2021)</td> </tr> </tbody> </table>	Document title	Short title	Version	Arafura Resources Limited Water Abstraction Plan	ARWAP	2 (9 September 2021)		<p>Rev 3.2.</p> <p>The WAMP Rev 3.2 was approved by DEPWS under separate GWEL L10013 on 21 March 2023. L10013 covers the Nolans borefield.</p> <p>As part of the application to amend water licence L10010 – as described in Item 1 above – WAMP Rev 3.2 was also submitted to DEPWS for assessment (19 October 2023) and inclusion in L10010. This application remains under assessment.</p> <p>As part of the federal Environment Protection and Biodiversity Conservation Act (EPBC) conditions of approval for the Nolans Project (2015/7436), Arafura was required to submit the WAMP for assessment by the (now) Department of Climate Change, Energy, the Environment and Water (DCCEEW) and approved by the federal Minister. Following receipt of feedback from DCCEEW, the WAMP Rev 3.2 was further revised to Rev 3.3 and then Rev 3.4. Ministerial approval for the WAMP Rev 3.4 was recently received on 14 May 2024.</p> <p>Due to the ongoing assessment of the WAMP by the federal government and recent approval of WAMP Rev 3.4, Arafura now plans to discuss the most recent revision with DEPWS in August 2024.</p> <p>In the interim, the requirements of the most current version of the WAMP are being implemented across both the borefield area and the mine site.</p> <p>Key monitoring requirements listed in the WAMP, as relevant to</p>
Document title	Short title	Version							
Arafura Resources Limited Water Abstraction Plan	ARWAP	2 (9 September 2021)							

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Item	Commitment and/or Conditions	Is the Project Compliant with this Condition?	Evidence/Comments
			<p>L10010, involve the installation of monitoring bores throughout the mine site to monitor groundwater level drawdown and water quality at the mine site.</p> <p>On a monthly basis, since August 2023, the monitoring and extraction bores, have been monitored for standard water levels and quarterly for water quality assessment.</p>
9	<p><u>Condition 3.2</u></p> <p>The ARWAP must be updated prior to taking water under this licence to:</p> <p>a) specify monitoring bores which will be used to:</p> <ul style="list-style-type: none"> i) identify drawdown which may impact on other groundwater users in the area, groundwater dependent vegetation, and groundwater dependent Aboriginal cultural values; and ii) trigger adaptive management measures for the protection of stock water supply. <p>b) map groundwater dependent vegetation where;</p> <ul style="list-style-type: none"> i) standing water level is less than 15m below ground level; and ii) groundwater is predicated to have a significant drawdown due to the project. <p>c) specify trigger values and adaptive management measures to:</p>	Compliant	<p>Revision status of ARWAP to the WAMP is described in Item 8 above.</p> <p>WAMP Rev 3.2, submitted to DEPWS on 19 October 2023 for assessment, addresses the requirements of this condition.</p> <p>Final WAMP Rev 3.4 also addresses the requirements of this condition.</p>

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Item	Commitment and/or Conditions	Is the Project Compliant with this Condition?	Evidence/Comments
	<ul style="list-style-type: none"> i) ensure water supply for stock use; and ii) ensure key groundwater dependent vegetation, and groundwater dependent Aboriginal cultural values are protected. d) include a peer review process by a suitable qualified professional. 		
10	<p><u>Condition 3.3</u></p> <p>If amendments (other than typographical changes or revisions to formatting or referencing) are proposed to be made to a document listed in Table 2, the licence holder must have the document independently reviewed by a suitably qualified professional and notify the Department by email to water.regulation@nt.gov.au and include;</p> <ul style="list-style-type: none"> a) a tracked changes version of the proposed amendment (s); b) reasons for the amendment(s); and c) a copy of an independent review of the proposed updated document, undertaken by a suitably qualified professional. 	Compliant	<p>A summary of amendments to the WAMP is captured in Appendix 13 in Rev 3.2 onwards.</p> <p>For the WAMP Rev 3.2, a tracked changes version was submitted to DEPWS, together with a copy of the peer review completed on the changes, prior to assessment and final approval being granted under L10013.</p>
11	<p><u>Condition 3.4</u></p> <p>The Department may require the licence holder to revise or amend and resubmit any document provided in accordance with this licence.</p>	Compliant	Revision status of the WAMP is described in Item 8 above.

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Item	Commitment and/or Conditions	Is the Project Compliant with this Condition?	Evidence/Comments
	Where the Department requires any document to be revised or amended, the licence holder must submit it to the Department by the date specified by the Department.		Due to the ongoing assessment of the WAMP by the federal government and recent approval of WAMP Rev 3.4, Arafura now plans to discuss the most recent revision with DEPWS in August 2024.
12	<p><u>Condition 3.5</u></p> <p>The licence holder must notify the Department in writing within 48 hours of becoming aware of non-compliance (or suspected non-compliance) with any condition of this licence. A notification under this condition must:</p> <ul style="list-style-type: none"> a) contain particulars of the non-compliance, including the identified or potential impacts associated with the non-compliance; b) identify the steps that have or will be taken to minimise the impacts of the non-compliance; and c) identify the steps that have or will be taken to prevent a reoccurrence or minimise the risk or further non-compliance. 	Compliant	No non-compliance was recorded during the reporting period.
13	<p><u>Condition 3.6</u></p> <p>The licence holder must provide an annual report to the Controller within 2 weeks of 30 June each year which:</p> <ul style="list-style-type: none"> a) details compliance with the conditions of this licence in the previous financial year: b) identifies exceedances of trigger values in the licence documents 	Compliant	The preparation and submission of this annual report to DEPWS fulfills the requirements of this condition.

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	<p>and actions taken in response; and c) details any changes to trigger values in the licence documents.</p>		
14	<p><u>Condition 3.7</u> The licence holder must maintain on a publicly available website: a) a copy of this licence; b) the current version of licence documents specified in Table 2; c) details of non-compliance reported in accordance with Condition 3.5; and d) copies of annual reports prepared in accordance with Condition 3.6.</p>	Compliant	<p>a) A copy of the water licence L10010 is available online at Arafura website, available at: https://www.arultd.com/projects/nolans/approvals/. b) The ARWAP (referred to as the WAMP) specified in Table 2, has since been revised, as described in Item 8 and Item 10 above. As per Item 8, Arafura plans to discuss the most recent revision with DEPWS in August 2024. c) No non-compliance recorded. d) A copy of the annual report is available on the Arafura website: https://www.arultd.com/commitments/sustainability/</p>
15	<p><u>Condition 3.8</u> The licence holder may only extract water under this licence for Approved Mining Activities.</p>	Compliant	<p>As per item 1 above, Arafura has not yet extracted any water. Once water extraction commences, it will be used for the approved mining activities outlined in the Mining Management Plan, approved under Mining Authorization 1127-01: https://www.arultd.com/projects/nolans/approvals/</p>

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Item	Commitment and/or Conditions	Is the Project Compliant with this Condition?	Evidence/Comments
16	<p><u>Condition 3.9</u> If the Mine Management Plan associated with the Approved Mining Activity is revoked or expires, the licence holder must inform the Controller in writing 7 days via water.regulation@nt.gov.au.</p>	Compliant	The Mining Management Plan, approved under Authorisation 1127-01, remains active.

4.0 ABBREVIATIONS AND DEFINITIONS

4.1 Abbreviations

Abbreviation	Meaning
Arafura	Arafura Rare Earths Limited (previously Arafura Nolans Project Pty Ltd)
DEPWS	Department of Environment, Parks and Water Security
GWEL	Groundwater Extraction Licence
DCCEEW	Department of Climate Change, Energy, the Environment and Water
Mining Authorisation	Mining Authorisation 1127-01
MMP	Mining Management Plan
NT	Northern Territory
Operator	Arafura Rare Earths Limited (previously Arafura Nolans Project Pty Ltd)
WAMP	Water Abstraction Management Plan