

ASX ANNOUNCEMENT

FEDERAL MINISTERS PLEDGE SUPPORT FOR NOLANS

13 May 2021



Arafura Resources Limited (ASX:ARU) (“Arafura” or the “Company”) has over recent months been in close consultation with the Federal Government and relevant government agencies in regards to the development of its 100%-owned Nolans Neodymium-Praseodymium Project in the Northern Territory.

On May 10, the Company received a letter from the Minister of Trade, Tourism and Investment, the Hon Dan Tehan MP, and the Minister for Resources, Water and Northern Australia, the Hon Keith Pitt MP, expressing their support for the Project. The letter is attached to this announcement and states that:

- The integrated rare earths mine and oxide processing project proposed for Nolans addresses several key priorities of the Morrison Government including job creation, capturing more economic benefit from Australia’s natural resources and building the nation’s resilience and security in the global supply of critical minerals;
- Export Finance Australia (EFA), which has issued a conditional letter of support to provide Nolans with up to A\$200 million in long-tenor debt funding, considers that the project broadly aligns with the Government’s critical minerals policy objectives;
- Projects that boost Australia’s ability to extract and process critical minerals are eligible to access dual funding through the EFA and the Northern Australia Infrastructure Facility (NAIF) as well as from other government agencies and initiatives and Arafura should continue to engage with these groups to progress Nolans.

Arafura Managing Director Gavin Lockyer said: *“We continue to see positive signs that the Australian government is serious about supporting the development of critical minerals projects and downstream processing capacity within our borders. The proactive stance from Ministers Tehan and Pitt has been extremely encouraging. For Arafura specifically, the \$200m letter of support received last week from EFA was an important first step in lining up funding for Nolans and we remain in discussions with them, NAIF and others as we look to formalise arrangements ahead of a Final Investment Decision in the second half of 2022.”*

Arafura has also applied for grant funding under the Federal Government’s \$1.3 billion Modern Manufacturing Initiative (MMI), part of a broader scheme to reinvigorate Australian manufacturing and supply chains. Through the MMI, the Company is seeking funding for portions of its Front-End Engineering and Design (FEED) program that directly relate to the establishment of downstream processing capabilities.

Companies qualifying for MMI grants are required to meet the grant figure dollar for dollar.

-ENDS-

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NdPr



THE HON DAN TEHAN MP

Minister for Trade, Tourism and Investment

THE HON KEITH PITT MP

Minister for Resources,
Water and Northern Australia

Mr Gavin Lockyer
CEO
Arafura Resources Ltd
PO Box 5773
ST GEORGES TERRACE
PERTH WA 6831

Dear Mr Lockyer

Gavin,

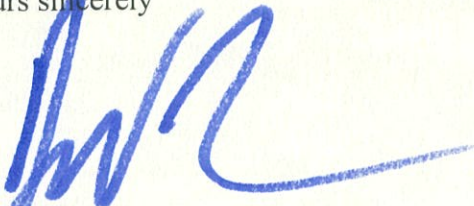
We welcome Arafura's proposal to establish a rare earths integrated mine and oxide processing facility at Nolans Bore in the Northern Territory. If executed, such a project would create regional jobs, ensure Australia captures more economic benefit from its resources and build Australia's resilience and security in the global supply of key critical minerals – all of which are priorities for the Morrison Government.

We understand you are in discussions with Export Finance Australia (EFA) regarding financing for the project, and that EFA has now issued a letter of support and commenced its assessment process and detailed due diligence. We are advised EFA also considers the project broadly aligns with the Government's critical minerals policy objectives.

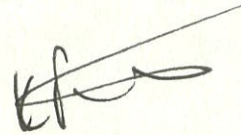
We recognise the challenges faced by companies seeking to develop critical minerals projects, including those to develop rare earths deposits, as a result of the opaque and concentrated nature of global markets. In response, the Australian Government committed to grow Australia's critical minerals sector and set out its vision to do so in the *Critical Minerals Strategy 2019*, and the *Resources Technology and Critical Minerals Processing National Manufacturing Priority Road Map 2021*. The Government's critical minerals agenda encompasses support for sector through research and development, project facilitation, streamlined regulatory approvals, access to grants through the Modern Manufacturing Initiative, and project financing through EFA, the Northern Australia Infrastructure Facility (NAIF) and the Clean Energy Finance Corporation.

In November 2019, the Government directed EFA to increase its focus on critical minerals projects. Projects which boost Australia's ability to extract and process critical minerals are eligible for financial support through EFA, including the USD3 billion Defence Export Facility. Projects can also access dual funding through EFA and the NAIF. We encourage you to continue engaging with EFA, the NAIF, the Critical Minerals Facilitation Office and Austrade to progress your project.

Yours sincerely



Dan Tehan



Keith Pitt

10 MAY 2021