

ASX ANNOUNCEMENT

ARAFURA APPOINTS MANDATED LEAD ARRANGERS FOR DEBT FINANCING FOR THE NOLANS PROJECT

28 April 2022



Arafura Resources Limited (ASX:ARU) (“Arafura” or the “Company”) is pleased to announce that it has appointed two leading mining project finance institutions – Societe Generale and National Australia Bank – as the initial Mandated Lead Arrangers and Bookrunners (**MLAs**) to arrange the debt financing facility for the development of the Company’s wholly owned Neodymium Praseodymium (NdPr) Nolans rare earth project which is located 135km north of Alice Springs in the Northern Territory, Australia (the “**Project**”). With a 38-year mine life, Nolans is Australia's only fully permitted rare earth project including end to end waste management to meet best practice ESG and supply chain standards.

The two initial MLAs have been engaged to arrange and syndicate a finance facility targeting debt funding in the order of 60% of the estimated total development cost of the Project, including working capital and other credit facilities. The proposed funding package will also comprise of a separate cost overrun facility. The MLAs, subject to the terms of the mandate letter, will seek to arrange limited recourse debt finance of approximately US\$510 million (inclusive of cost overrun facility). The limited recourse debt financing package is intended to comprise of: US\$150 million to be provided by the initial MLAs (on a best-efforts basis); export credit agency finance and, to the extent required, further financing through additional MLA bank(s) and/or via a syndication process. The financing will be conditional on completion of a successful due diligence process, agreement of terms and conditions, entry into binding facility agreements and credit approval. The terms of the MLAs’ engagement (including fee arrangements) are customary for a greenfield project financing of this nature.

In addition to the targeted US\$510 million financing, the Company has received letters of support from Export Finance Australia and the Northern Australia Infrastructure Facility for senior debt facilities of up to A\$200 million and A\$100 million respectively for up to a 15-year facility term (refer to ASX Announcements dated 7 May 2021 and 18 June 2021). The letters are non-binding and subject to conditions that are typical for a financing of this nature, such as internal credit approval, negotiation of lender agreements and further due diligence enquiries.

The Company has also recently been awarded grant funding of A\$30m under the Federal Government’s Modern Manufacturing Initiative (refer to ASX Announcement dated 16 March 2022) which will contribute to the funding of the construction of its rare earth separation plant.

The Company will provide further details about its project financing arrangements for the development of the Project when financing has been secured and binding agreements have been entered into. Any binding agreements will remain subject to other milestones which may include offtake arrangements and a final investment decision.

London-based HCF International Advisers Limited and Grant Thornton Australia are advising Arafura on the debt financing of the Project and Arafura has appointed international law firm Ashurst as its legal counsel in respect of project financing.



“Our goal is to be a trusted global leader and supplier of choice for sustainably mined and processed rare earth products, helping our customers deliver clean and efficient technologies. We are committed to delivering positive intergenerational economic, environmental and social benefits to our stakeholders.”

Arafura Resources Limited | ABN: 22 080 933 455

Level 6, 432 Murray St, Perth WA 6000
PO Box 5773, St Georges Terrace, Perth WA 6831
T: +61 8 6370 2800 | W: www.arultd.com | E: arafura@arultd.com

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"The appointment of the MLAs represents an important milestone in the Company's progress towards a final investment decision this year", Managing Director, Mr Lockyer said. "The MLAs have significant international and domestic expertise in natural resources project financing and our ability to attract them reflects the quality of the underlying Nolans Project."

About the Nolans Project

Arafura's Nolans Project is a rare earth ore to oxide mine and processing facility in the Northern Territory. The project is Australia's first vertically integrated rare earths operation, where its single site mining and processing operations (including waste disposal) will provide a secure and traceable supply chain to meet domestic and international economic and security interests and the ESG needs of global customers.

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For further information contact:

Gavin Lockyer
Managing Director
+61 8 6370 2800

Media Enquiries:

Amy Pepper
Clarity Communications
+61 405 031 844

Authorised by:

Catherine Huynh
Company Secretary