

ASX ANNOUNCEMENT

INDICATIVE FINANCING SUPPORT FOR NOLANS RARE EARTHS PROJECT FROM EXPORT DEVELOPMENT CANADA

20 June 2023



- **In-principle support for up to US\$300 million of debt financing for Nolans Project development from Canadian export credit agency Export Development Canada.**
- **Letter of Interest linked to strategic arrangement between Export Development Canada and GE.**

Arafura Rare Earths Limited (ASX: ARU) (Arafura or the Company) is pleased to announce that it has received a Letter of Interest (**LOI**) from Canadian export credit agency Export Development Canadaⁱ (**EDC**) for the provision of potential financing of up to US\$300 million in support of the Company's Nolans Project (**Nolans or the Project**).

The indication of support from EDC is linked to a strategic arrangement between EDC and General Electric Companyⁱⁱ (**GE**) to advance the energy transition. GE has facilitated Arafura's engagement with EDC, enabling access to financing via EDC based on GE's support of the Nolans Project.

Arafura and GE signed a Memorandum of Understanding in 2022 (refer to ASX Announcement dated 12 July 2022) for supply of NdPr from Nolans for use in the manufacture of permanent magnets used in GE's offshore wind turbines. Arafura and GE are in the process of negotiating a long-term sales agreement.

GE is also working with Arafura to supply cogeneration power plant technology including its aeroderivative LM2500 gas turbine and associated equipment to Nolans' independent power provider, to support the power and heat requirements of the project's processing facility. Arafura's Greenhouse Gas Emissions Reduction Pathway (refer to ASX Announcement dated 31 January 2023) outlines the Company's plan to achieve a 50% reduction in emissions from electricity generation by 2030 through the implementation of mixed renewable technologies including wind generation. GE's highly efficient and flexible cogeneration solution is expected to reduce carbon emissions from power and steam generation, prior to the introduction of renewable power and steam generation, by approximately 29%ⁱⁱⁱ and will pave the way for future renewables integration to further reduce emissions.

EDC's indicative support is not a commitment, and its participation is subject to its standard due diligence procedures which include but are not limited to financial, legal, technical, environmental and social, financing structure, tax, corporate reputation, anti-corruption, third party due diligence, business ethics, compliance and corporate governance related policies and practices.

The indicative support from EDC aligns with Arafura's debt-led funding strategy for Nolans. It follows the Company's receipt of in-principle letters of support from Germany's Euler Hermes for up to US\$600 million in untied loan guarantees in relation to offtake by German companies (refer to ASX Announcement dated 29 March 2023) and up to a combined A\$350 million from Export Finance Australia (refer to ASX Announcement dated 7 May 2021) and the Northern Australia Infrastructure Facility (refer to ASX Announcements dated 18 June 2021 and 29 March 2023).



"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 Rare Earths 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

NdPr

20 June 2023 | **ASX Announcement**

INDICATIVE FINANCING SUPPORT FOR NOLANS RARE EARTHS PROJECT FROM EXPORT DEVELOPMENT CANADA

The potential funding from EDC will likely reduce the proposed US\$510 million debt financing facility targeted by the Mandated Lead Arrangers and Bookrunners (**MLAs**) (refer to ASX Announcement dated 28 April 2022 and 17 January 2023).

Arafura further advises that National Australian Bank (**NAB**) and the Company have mutually agreed to terminate NAB's role as MLA under the mandate letter. Société Generale and KfW- IPEX Bank will continue as MLAs.

Commenting on the LOI from EDC, Arafura Managing Director Gavin Lockyer said: *"We are delighted to receive indicative support from Export Development Canada for the Nolans Project. This is further demonstration of the strategic significance that international governments place on the project and its capacity to provide a sustainable supply of critical NdPr to meet the needs of major businesses in key global jurisdictions. We are proud to include GE among the tier-one OEMs associated with offtake from Nolans, and welcome GE's provision of its Aero power generation technology for the Project."*

About Export Development Canada

Export Development Canada (EDC) is a financial Crown corporation dedicated to helping Canadian businesses make an impact at home and abroad. EDC has the financial products and knowledge Canadian companies need to confidently enter new markets, reduce financial risk and grow their business as they go from local to global. Together, EDC and Canadian companies are building a more prosperous, stronger and sustainable economy for all Canadians.

-ENDS-

Company Enquiries:

Telephone: +61 8 6370 2800
Email: arafura@arultd.com

Media Enquiries:

Amy Pepper
Corporate Affairs Manager
+61 405 031 844

Authorised by:

Catherine Huynh
Company Secretary

ⁱ Export Development Canada <https://www.edc.ca/>

ⁱⁱ Export Development Canada and General Electric Company <https://www.edc.ca/en/about-us/newsroom/edc-ge-gcp-partnership.html>

ⁱⁱⁱ Estimate developed by Arafura based in part on information provided by GE for efficiencies and emissions from a cogeneration solution when compared to reciprocating gas engines and package steam boilers.