

ASX ANNOUNCEMENT

SENIOR DEBT PROCESS UPDATE

7 May 2021



Arafura Resources Limited (ASX:ARU) ("**Arafura**" or the "**Company**") has been investigating the optimal debt funding options available for its wholly owned Nolans Rare Earth Project, located 135km north of Alice Springs in the Northern Territory.

As previously advised, there are a range of possible financing methods available for consideration, but we have been most pleased with the interest shown by Export Credit Agencies ("**ECAs**") and Government lenders to support the Nolans Project given it is a strategically important shovel ready source of rare earths and is the only Australian-domiciled Neodymium Praseodymium oxide ("**NdPr**") focused project that will both mine and process rare earths ore through to highly refined separated oxides.

Arafura has received a non-binding letter of support from the Australian Government's export credit agency, Export Finance Australia ("**EFA**"), in relation to a proposed senior debt facility with the following key terms:

- facility amount of up to A\$200 million;
- 15-year facility term; and
- subject to, but not limited to, conditions that are required for a financing of this nature.

The facility will cornerstone a broader banking debt facility which is currently being progressed with a target mix of foreign ECAs and commercial banks.

Arafura has engaged Macquarie Capital (Australia) Limited for the initial phase of the debt process which was focused on refining the Nolans project debt financing strategy, targeting ECAs and lender engagement.

Following the change in the execution strategy to a more traditional Front-End Engineering & Design model to provide financiers a clearer line of sight to funding requirements, Arafura is targeting achieving a Final Investment Decision for the Nolans Project in the second half of 2022, subject to market conditions. While there is substantial progress on the financing, no commitment to provide finance has been provided to date, and final credit approval and commitment from the proposed lenders has not yet been achieved and therefore it is not certain that a financing will proceed as outlined. Arafura continues to work with the potential financing partners and details of these arrangements will be announced to ASX when formal agreements have been entered.

Commenting on today's announcement, Arafura's Managing Director, Gavin Lockyer said: "Arafura is delighted to be working with EFA and Macquarie to secure a senior debt funding package which can greatly assist in financing the Nolans Project. Following the COVID-19 pandemic, we have seen increasing focus on governments globally to support the development of diversified critical raw material supply chains and provide auditable and sustainable supply chains for NdPr oxide. We are hoping to secure binding senior debt terms in line with the target Final Investment Decision date, subject to market conditions."

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NdPr

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