

ASX ANNOUNCEMENT

SENIOR DEBT PROCESS UPDATE

18 June 2021



Arafura Resources Limited (ASX:ARU) ("**Arafura**" or the "**Company**") is pleased to announce it has received a without commitment Letter of Support from the Northern Australia Infrastructure Facility ("**NAIF**"), in relation to a potential senior debt facility that would form part of the funding package for its wholly owned Nolans Rare Earth Project, 135km north of Alice Springs in the Northern Territory, Australia.

The letter sets out the following key terms for a potential senior debt facility:

- Facility amount of up to A\$100 million;
- Up to 15-year facility term; and
- Conditions that are required for a financing of such a nature.

NAIF is an initiative established by the Australian Government to facilitate the development of infrastructure in Northern Australia through debt funding to generate public benefit in the region with emphasis on infrastructure and Indigenous engagement. The development of the Nolans Neodymium-Praseodymium (**NdPr**) Project ore to oxide business model broadly aligns with both the NAIF strategic considerations and the objectives of the Government's Critical Minerals Strategy announced in March 2019.

The Nolans site, which will encompass a mine, processing plant and related infrastructure, and the key transport corridor between Nolans, Alice Springs and Darwin Port are all contained within NAIF's statutory defined area of Northern Australia.

Nolans is currently the only shovel-ready NdPr focused project in Australia with all environmental approvals in place, that will process high grade separated rare earth oxides domestically, ensuring that all value-adding is performed in Northern Australia. The Nolans Project has a long mine life of at least 38 years and will offer long term and diversified employment and vocational training opportunities, well after the construction phase has been completed. Arafura has an Indigenous Engagement Strategy to promote and support Indigenous participation at both the project site and the associated supply chain.

In May 2021 Arafura received a letter of support from EFA for a loan of up to A\$200 million on a 15-year term (ASX Announcement 7 May 2021). Arafura has also applied for grant funding under the Federal Government's Modern Manufacturing Initiative ("**MMI**").

Commenting on the support from NAIF, Arafura Managing Director Gavin Lockyer said: "We are extremely pleased to receive this support from NAIF. We look forward to working with NAIF to meet the relevant conditions necessary to advance the process. The Australian Government's critical minerals strategy is focussed on the development of critical mineral projects and downstream processing capacity within Australia to strengthen sustainable supply chains. This is also aligned with global customers' critical raw material diversification plans and their ESG priorities. The Australian Government's support improves our position in finalising binding senior debt terms with the target for a Final Investment Decision ("**FID**") in the latter half 2022.

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NdPr

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