

# ASX ANNOUNCEMENT

## ARAFURA APPOINTS KfW AS AN ADDITIONAL MANDATED LEAD ARRANGER FOR DEBT FINANCING AND EXPORT CREDIT AGENCY STRUCTURING BANK FOR THE NOLANS PROJECT

17 January 2023



**Arafura Rare Earths Ltd (ASX:ARU)** ("**Arafura**" or the "**Company**") is pleased to announce that it has appointed KfW IPEX-Bank ("**KfW**") as an additional Mandated Lead Arranger and Bookrunner ("**MLA**") to arrange and syndicate the debt financing facility and provide Export Credit Agency ("**ECA**") structuring advice as the ECA Structuring Bank for the development of the Company's wholly owned Neodymium Praseodymium Nolans rare earth project which is located 135km north of Alice Springs in the Northern Territory, Australia (the "**Project**").

KfW will work in conjunction with Société Générale and National Australia Bank who were appointed as initial MLAs to arrange the debt financing facility for the Project (refer to ASX Announcement dated 28 April 2022). The terms of the KfW's engagement as an MLA (including fee arrangements) are customary for a greenfield project financing of this nature and are consistent with those of the initial MLAs.

The mandate with KfW includes an indicative commitment to provide up to US\$75 million of commercial debt financing to the Project in addition to the funding being sought with the initial MLAs. The limited recourse debt financing package is intended to comprise commercial bank facilities provided by the MLAs (on a best-efforts basis); ECA covered finance and, to the extent required, further financing through additional MLA bank(s) and/or via a syndication process.

In addition to its mandate as an MLA, KfW will also be engaged as ECA Structuring Bank to advise Arafura on relevant contractual and structural elements relating to ECA covered financing for the Project and will manage ECA related workstreams through to financial close.

KfW are a leading specialist financier dedicated to project and export finance with six decades of experience. Over the last 5 years KfW have been involved in over 180 ECA-covered financings, in lead structuring roles and as lender. Over this period KfW has been mandated to arrange more than 50 ECA covered large export financings with an overall volume of nearly EUR\$23 billion.



*"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."*

17 January 2023 | **ASX Announcement**

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In addition to debt financing being arranged by the MLAs, 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.
- 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.
- Accepted commitments to raise A\$121 million (before costs) under a placement of fully paid ordinary shares over two tranches at an issue price of A\$0.37 per share ("**Placement**") (refer to ASX Announcement dated 5 December 2022). Tranche 1 of the Placement has completed to raise \$95.9m with the remaining \$25.1m subject to shareholder approval being obtained at a general meeting scheduled for 18 January 2023. The Company also raised A\$20 million under a share purchase plan ("**SPP**") to existing eligible shareholders (refer to ASX Announcement dated 5 January 2023). The combined funds raised under the Placement and the SPP (A\$141 million in total (before costs)) will enable the Company to progress development activities for the Nolans Project including placement of orders for long lead items, commencement of fabrication in readiness for main plant construction and early works construction.

All 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 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 funding, offtake activities and general market conditions.

*"The appointment of KfW to join the MLA group and provide ECA structuring advice represents an important milestone in the Company's progress on its project financing activities" Gavin Lockyer, Managing Director said. "The MLAs have significant international and domestic experience and a large global network, giving the Company increasing confidence in executing its offtake and project funding strategy. The criticality of diversified supply chain security in the global push for energy transition shows strong alignment of the Nolans Project with the mandates of project financiers and offtake partners alike."*

17 January 2023 | **ASX Announcement**

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### **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. Nolans has received Major Project Status from the Northern Territory Government (refer to ASX Announcement dated 31 July 2020) and has received support from Federal Ministers (refer to ASX Announcement dated 13 May 2021).

**-ENDS-**

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