

ASX ANNOUNCEMENT

INDICATIVE FINANCING SUPPORT FROM KEXIM

4 December 2023

- **In-principle support from Korea EXIMbank for up to US\$150 million of debt financing for the Nolans Project.**
- **Letter of Interest linked to binding offtake arrangement with Hyundai Motor Corporation and Kia Corporation.**

Arafura Rare Earths Limited (ASX: ARU) (Arafura or the Company) is pleased to announce that it has received a non-binding Letter of Interest (**LOI**) from the Export-Import Bank of Korea, Korea EXIMbank (**KEXIM**), for the provision of up to US\$150 million in debt financing for the Nolans Project (**Nolans or the Project**).

The US\$150 million will consist of two tranches –an amount equal to or more than US\$75 million as a direct loan, and an additional amount equal to or less than US\$75 million as a debt guarantee. The KEXIM direct loan must be equal to or greater than KEXIM debt guarantee facility. The direct loan from KEXIM reduces the overall liquidity requirements from commercial banks for the indicative funding structure. KEXIM subsidiary KEXIM Global (Singapore) may also lend under the commercial bank tranche, subject to further negotiation.

The in-principle support from KEXIM is linked to the strategic nature of NdPr supply and its critical role in the electrification of Korea's automotive manufacturing sector. The LOI from KEXIM is linked to the binding offtake arrangement in place between Arafura and Hyundai Motor Company and Kia Corporation (refer to ASX Announcement dated 7 November 2022) for the supply of up to 1,500 tonnes per annum of NdPr oxide (or NdPr metal equivalent), representing approximately 40% of the 85% annual production from Nolans available to be secured under long term sales arrangements under Arafura's offtake strategy.

KEXIM's support aligns with Arafura's debt-led funding strategy for Nolans and follows the Company's receipt of a LOI from Canadian export credit agency Export Development Canada (EDC) for up to US\$300 million (refer to ASX Announcement dated 20 June 2023); 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 in indicative support 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."

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Agency	Amount	Description	Status
Debt Facilities			
Export Finance Australia (EFA)	A\$200m	Debt financing	Letter of support received
Northern Australia Infrastructure Facility (NAIF)	A\$150m		
			US\$225m ²
Export Development Canada (EDC)	US\$300m	Debt financing	Letter of Interest received
KEXIM	Up to US\$75m	Debt financing	Letter of Interest received
Commercial bank tranche	Up to US\$175m ³	Debt financing	In discussion
Total	Up to US\$775m		
Untied Loan Guarantees			
German ECA - Euler Hermes Aktiengesellschaft	Up to US\$100m ⁽¹⁾	Untied loan guarantee	In-principle support received
KEXIM	Up to US\$75m	Untied loan guarantee	Letter of Interest received
Total	Up to US\$175m		

- (1) Arafura is targeting US\$100m of Euler Hermes loan guarantee, subject to debt sizing constraints and securing sufficient German based NdPr offtake. The Euler Hermes in-principle letter of support provides up to US\$600 million of loan guarantee.
- (2) A\$200m (EFA) and A\$150m (NAIF) combined and converted for comparison purposes only at AUD/USD 0.6428
- (3) Commercial bank tranche will be supported by untied loan guarantee from Euler Hermes and KEXIM.

KEXIM'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.

Commenting on the receipt of KEXIM's in-principle support for Nolans, Arafura Rare Earths Managing Director Gavin Lockyer said: "We are very pleased to welcome KEXIM's Letter of Interest to provide debt financing support for the Nolans Project. Arafura's foundation offtake agreement with Hyundai and Kia was the beginning of a meaningful relationship with Korea, and our engagement with KEXIM further strengthens that relationship. KEXIM's indication of support for Nolans directly reflects the significant contribution that NdPr from the Project will play in delivering upon Korea's long-term aspirations to be a global leader in electric vehicles and other sustainability-focused technologies. We are delighted at the prospect of working closely with KEXIM as we

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continue our efforts to bring this globally significant project into full construction, and subsequently into production.”

About Korea EXIMbank

The Export-Import Bank of Korea (Korea EXIMbank, KEXIM) was established to facilitate the development of Korea’s economy and enhance economic co-operation with foreign countries through the provision of financial support for export and import transactions, overseas investment projects, and the development of overseas natural resources.

As an Export Credit Agency, KEXIM provides export credit to promote the export of capital goods such as ships and industrial plants, and high technology industries such as IT. It also provides credit to support overseas investments, overseas projects, and natural resource development projects. In September 2023, KEXIM expanded and overhauled the “Supply Chain Financial Program” to broaden the area of support to supply chain stabilization including the sector of critical minerals.

KEXIM subsidiary, KEXIM Global is a Singapore based merchant bank with specific focus on initiatives that lead to global sustainability transition and regional growth.

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