

# ASX ANNOUNCEMENT

## NOLANS PROJECT PROGRESS UPDATE

4 April 2023

---

- **Construction of Nolans advancing through enabling works and equipment procurement, early works construction to commence in April.**
- **International export credit agency support aligned with project funding strategy.**
- **Offtake and funding arrangements being optimised amid strong market indicators.**

Arafura Rare Earths Limited (**ASX: ARU**) (**Arafura** or **the Company**) is pleased to provide an update on activities related to its Nolans Neodymium-Praseodymium (**NdPr**) Project (**Nolans** or **the Project**) in the Northern Territory.

The successful capital raising completed across December 2022 and January 2023 (refer to ASX Announcements dated 12 December 2022, 5 January 2023 and 25 January 2023) has reinforced the confidence of Arafura's Board of Directors and underpinned their approval for commencement of a range of activities critical to the construction of the Project.

Enabling works are now underway at Nolans, including establishment and rehabilitation of more than 25 kilometres of site access roads, earthworks for the construction camp and installation of the fly camp. An existing bore drilled by Arafura during its water exploration program is being fitted out to facilitate a temporary construction water supply. Based upon the positive progress of works at site to date, combined with approval of the Project's ground water extraction licence in March 2023, the Company is confident to move into project delivery in earnest. Early works construction will commence in April 2023, focussed on establishing a permanent water supply for construction, and development of the construction village ahead of anticipated full construction later in the year.

Early construction activities commenced or scheduled include:

- Installation of the fly camp, which will be complete in early April, with temporary accommodation for 48 to supplement the 30-person accommodation already in use at Aileron Roadhouse, approximately 5km from the site access;
- Installation of the 400-person construction village;
- Drilling of a network of monitoring bores, including the minimum requirements stipulated by the NT Department of Environment, Parks and Water Security under the Project's ground water extraction conditions;
- Drilling of two additional production bores to provide sufficient water for all construction works.
- Fit out of the production bores, and installation of the water pumping systems which includes the 25km permanent water pipeline to site;



*"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."*

## **NOLANS PROJECT PROGRESS UPDATE**

---

- Construction of a raw water dam at the process plant site, which will be used during construction to provide ready access to construction water before being fitted out for use during operations;
- Commencement of the final construction of the 15km site access road and intersection with the Stuart Highway; and
- Installation of temporary facilities to support ongoing construction works.

Further details on the progress with construction works will be provided in the Company's March 2023 Quarterly Activities Report.

Procurement of long lead and critical path equipment and materials, including the sulphuric acid plant, paddle dryers, and equipment to support the site's water infrastructure, is underway. Long lead and critical path procurement will be ongoing, with a continued focus on de-risking the Nolans delivery schedule as far as possible.

Arafura advised at the end of March (ASX announcement 29 March 2023) that it had received in-principle support for Nolans of up to US\$600 million in loan guarantees from German export credit agency Euler Hermes Aktiengesellschaft (**Euler Hermes**) along with further support from the Northern Australia Infrastructure Facility (**NAIF**) to increase its tranche of project finance from A\$100 million to A\$150 million. Should both the NAIF and Euler Hermes facilities be formalised and implemented, they would form a meaningful component of the Project's broader debt facilities being progressed with Export Finance Australia, commercial banks and other international Export Credit Agencies (**ECAs**).

The Company has identified significant liquidity in the market for projects associated with energy transition initiatives and has recognised this as an opportunity to optimise the structuring of the debt and equity raising for the Project and improve the outcome for shareholders through additional work with debt advisors, brokers, ECAs and commercial banks.

In addition, Arafura continues to discuss and negotiate product supply with prospective offtake partners and is progressing advanced negotiations with a number of parties including the potential for equity participation. This reflects international recognition of the quality and longevity of Nolans and increasing global demand for NdPr oxide. The Company will leverage this position to negotiate offtake agreements that create an optimum revenue structure and maximise shareholder value.

Arafura's Board has committed to advancing the development of Nolans in the best interests of shareholders, and to maximise the financial and community opportunities that the Project aims to provide.

Arafura remains on target for financial close early in the second half of 2023. There is however no guarantee or certainty that the targeted debt and equity funding package will be secured. The debt financing is conditional on completion of a successful due diligence process, agreement of terms and conditions, credit approvals and entry into binding facility agreements. The Company will provide further details about its project funding arrangements for the development of the Project when binding agreements have been entered into.

4 April 2023 | **ASX Announcement**

## **NOLANS PROJECT PROGRESS UPDATE**

---

**-ENDS-**

**For further information contact:**

Phone: +61 8 6370 2800

Email: [arafura@arultd.com](mailto:arafura@arultd.com)

**Media enquiries:**

Amy Pepper

Manager Corporate Affairs

Email: [apepper@arultd.com](mailto:apepper@arultd.com)

Phone: +61 405 031 844

**Authorised by:**

Mark Southey

Chairman