

# ASX ANNOUNCEMENT

## AWARD OF FUNDING UNDER THE MODERN MANUFACTURING INITIATIVE

16 March 2022



Arafura Resources Limited (ASX:ARU) ("Arafura" or the "Company") is pleased to advise it has been awarded grant funding of \$30m under the Federal Government's Modern Manufacturing Initiative (MMI) which will contribute to the construction of an \$90.8m rare earth separation plant at its Nolans Project (**Nolans**).

The \$1.3b MMI forms part of the Resources Technology and Critical Minerals Processing Roadmap that aims to develop Australia as a regional resources technology and critical minerals processing hub within 10 years. The MMI continues to build on broad Australian, Territory and export partner government support for Nolans.

The grant awarded to Arafura falls under the MMI's Collaboration Stream, which provides funding to a small number of transformational projects that will create and facilitate collaborative ecosystems.

Nolans, 135 kilometres north of Alice Springs, is Australia's only shovel-ready Neodymium-Praseodymium (NdPr) project. It is a globally significant development with potential to supply around 5 per cent of world NdPr oxide demand, with an ore to oxide business model that will see downstream processing established locally and enable Australia to play a leading role in the diversification of critical raw materials.

The Nolans separation plant will be the first of its kind in Australia and the second outside China, producing separated rare earth oxides and enabling the development of diversified rare earth supply chains. Rare earth separation technology does not currently exist in Australia, and Nolans presents an opportunity to develop a higher value product that leverages Australian mineral processing expertise.

Following construction of the separation plant, there is the potential for hub processing opportunities to be developed for the processing of other rare earth-rich feedstock, enabling the benefits of infrastructure investment and local jobs to be further dispersed.

"This grant is an exciting milestone for Arafura, recognising the strategic significance of the Nolans Project and its place in the future of critical minerals processing in Australia," Arafura Managing Director Gavin Lockyer said.

"Rare earths are critical to the manufacture of electric vehicles and wind turbines, with demand growth forecast to be exponential in coming decades. Australia has a window of opportunity to invest in strategically important rare earths projects such as Nolans and maximise the local jobs and investment benefits of the clean energy revolution".



*"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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The MMI continues to build on broad Australian, Territory and export partner government support for the Nolans, including:

- The receipt of Major Project status from the Northern Territory Government in 2020 (refer to ASX Announcement dated 31 July 2020)
- non-binding letters of support from Export Finance Australia (**EFA**) and the Northern Australia Infrastructure Facility (**NAIF**) for \$200m and \$100m in debt facilities (refer to ASX Announcements dated 7 May 2021 and 18 June 2021)
- Written support from Minister for Trade, Tourism and Investment Dan Tehan MP, and Minister for Resources, Water and Northern Australia Keith Pitt MP, expressing the alignment of Nolans with the Government's Critical Minerals Policy objectives (refer to ASX announcement 7 May 2021)
- Signing of a Joint Statement of Cooperation with Korean Government agency KOMIR to facilitate Korean market access to Nolans product (refer to ASX announcement 28 February 2022).

Arafura is targeting a Final Investment Decision for Nolans in the second half 2022, with detailed front-end engineering and design (**FEED**), offtake and project funding activities underway.

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