

Arafura Resources Ltd

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Arafura Resources Nolans NdPr project assessed by NAIF ahead of investment decision

Arafura Resources Limited (ASX:ARU) has revealed the Federal Government's Northern Australia Infrastructure Facility (NAIF) has completed a strategic assessment of the company's Nolans Neodymium-Praseodymium (NdPr) Project in the Northern Territory.

The Australian Government agency will now transition the process through a due diligence assessment, which is the final stage in the assessment process before it makes an investment decision.

READ: Arafura Resources appoints experienced executive Mark Southey as chairman

NAIF provides Australian entities operating in northern Australia with access to up to \$5 billion of debt finance, which may be on concessional terms, to encourage infrastructure and economic development.

Nolans project in northern Australia is only 90 minutes north of the key NT city of Alice Springs, along the Stuart Highway.

The project's transportation corridor, from Nolans through Alice and beyond to Darwin port, is in the government's statutorily-defined northern Australia area under the federal Northern Australia Infrastructure Facility Act 2016.

Arafura reported today it would start developing a comprehensive investment proposal for NAIF's DD process, which it expects will involve the agency assessing Nolans' offtake and project potential and credit risk, along with an environmental and social analysis.

Arafura managing director Gavin Lockyer said today: "Arafura welcomes the decision from NAIF to progress the Nolans NdPr Project to due diligence.

"This decision comes on the back of some significant project development milestones including the recent release of the positive results from the Nolans Definitive Feasibility Study (DFS).

Lockyer highlighted the importance of credit risk assessments to funding the project.

He said: "Export credit agencies (ECAs) are likely to be central to our project funding strategy and the decision by NAIF to progress to due diligence is an important consideration for the company's ongoing engagement with other ECAs and financiers across a number of jurisdictions.

"Nolans is a long-life strategic project which includes significant downstream value-adding in central Australia."

Price: A\$0.135

Market Cap: A\$105.49M

1 Year Share Price Graph



June 2018 December 2018 June 2019

Share Information

Code: ARU

Listing: ASX

52 week High Low
A\$0.14 A\$0.04

Sector: Mining

Website: www.arultd.com

Company Synopsis:

Arafura Resources Ltd (ASX:ARU) is listed on the Australian Securities Exchange.

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DEEP DIVE: Arafura Resources' DFS for Nolans models an NdPr supply alternative to China

Arafura published a DFS for Nolans NdPr Project earlier this month, demonstrating a financially and technically robust project able to support a long-life operation.

The DFS positions the company as a likely ultra-low-cost producer to sit in the industry's lowest cost quartile.

Mine life at Nolans has been put at 23 years as 293,000 tonnes of concentrate is produced.

Arafura estimates the project could supply 10 per cent of the world's NdPr requirements.

The company has Territory and Australian government environmental approvals and has also negotiated three non-binding agreements for the long-term supply of NdPr oxide and phosphoric acid products.

The company has previously flagged Nolans potential for producing: high-purity NdPr oxide product; high-purity mixed middle-heavy rare earths (SEG/HRE) carbonate product; high-purity lanthanum (La) oxide product; and cerium hydroxide product.

Arafura managing director Gavin Lockyer spoke to Proactive Investors about the project from New York in an interview published yesterday.

He has been in the city to pitch the project's NdPr as a potential supply source to US manufacturers looking for supply alternatives to China.

Lockyer was to meet with New York-based investors and the largest manufacturing association in the US, the National Association of Manufacturers, in Washington DC.

READ: Arafura Resources' Nolans NdPr Project is financially and technically robust

The company added a new chairman to its line-up two weeks ago with non-executive director Mark Southey taking the seat after the retirement of Ian Kowalick.

Southey joined the Arafura board in February 2018 and was group managing director for the minerals, metals and chemicals sector business at WorleyParsons.

He previously held senior executive positions at Honeywell and ABB, in Australia and internationally.

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