

Arafura Rare Earths Limited: Executes Binding Cornerstone Equity Agreements

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Sydney, Australia - [Arafura Rare Earths Ltd.](#) (ASX:ARU) (OTCMKTS:ARAFF) announced that it has executed binding Subscription Agreements and related documentation with Kreditanstalt für Wiederaufbau (KfW) (on behalf of the German Raw Materials Fund (GRMF)) and Export Finance Australia (EFA).

Highlights

- Arafura executes binding agreements with two cornerstone investors which secure equity subscriptions totalling approximately ~A\$230 million
- The equity subscriptions comprise:
 - o EUR50 million (~A\$84 million¹) from Kreditanstalt für Wiederaufbau, on behalf of the German Raw Materials Fund; and
 - o US\$100 million (~A\$146 million) from Export Finance Australia
- Transaction re-enforces the strong support from government agencies and underscores the strategic importance of the Nolans Project in diversifying global rare earth supply chains
- Transaction builds upon Arafura's existing equity funding package for the Nolans Project, including transformational ~A\$481m equity raising completed in Q4 2025³ and binding term sheet executed with Australia's National Reconstruction Fund Corporation for A\$200m of Convertible Notes
- The above equity raisings and binding commitments total A\$911m. Arafura continues to make strong progress on finalising its equity funding strategy for the Nolans Project, including by advancing negotiations on the final binding long form documentation with Australia's National Reconstruction Fund Corporation for the Convertible Notes

The execution of these binding cornerstone agreements is consistent with Arafura's previously announced equity funding strategy, targeting cornerstone investment from government-seeded critical minerals funds, customers and other strategic investors, and follows the previous announcement of non-binding arrangements with the GRMF⁴ and EFA⁵. This strategy, together with the binding A\$200 million commitment from the National Reconstruction Fund Corporation (NRFC), significantly de-risks the equity funding required for the development of the Nolans Rare Earths Project (Nolans Project).

The cornerstone equity commitments supplement the Company's debt financing arrangements⁷ announced in July 2024, positioning Arafura closer to achieving financial close and a Final Investment Decision (FID) for the Nolans Project.

The issue of securities under each of the binding cornerstone agreements is subject to shareholder approval.

KfW / German Raw Materials Fund

Arafura has executed a Subscription Agreement and Investor Rights Deed with KfW, Germany's state-owned development bank, acting on behalf of the GRMF. Under the Subscription Agreement, KfW will subscribe for fully paid ordinary shares in Arafura (Shares) to the value of EUR50 million (approximately A\$84 million).

The binding commitment from KfW reflects the strategic importance of the Nolans Project to German industry and the broader objective of diversifying critical mineral supply chains away from concentrated sources. The Nolans Project has demonstrated clear alignment with the GRMF's objectives through its binding offtake agreement with Siemens Gamesa Renewable Energy A/S (SGRE) for the supply of NdPr to be used in the manufacture of permanent magnets for offshore wind turbines assembled at their Cuxhaven facility in Germany. Arafura continues to engage with prospective European offtake partners regarding securing an additional 500tpa.

At completion of the subscription, KfW will have the right to nominate one director to the Board of Arafura. A

summary of the key terms of the KfW Subscription Agreement and Investor Rights Deed is set out in Annexure A*.

Export Finance Australia

Arafura has executed a Subscription Agreement and Investor Rights Deed with EFA under the Australian Government's \$5 billion Critical Minerals Facility. Under the Subscription Agreement, EFA will subscribe for Shares to the value of US\$100 million (approximately A\$146 million).

The binding commitment from EFA highlights the pivotal role that the Nolans Project is poised to play in helping to develop Australia's critical minerals sector and is aligned with the Australian Government's Critical Minerals Strategy and the G7 Critical Minerals Action Plan.

A summary of the key terms of the EFA Subscription Agreement and Investor Rights Deed is set out in Annexure B*.

Issue price - KfW and EFA subscription agreements

The issue price per Share payable by KfW and EFA under their respective Subscription Agreements is A\$0.2447 per Share, being the volume weighted average market price of Shares for the 20 trading days up to and including 30 March 2026, less a 10% discount (or at any lower price per Share at which Shares are offered to third party investors in the lead up to completion of the KfW and EFA subscriptions).

Conditions precedent

Completion of the cornerstone equity commitments is subject to satisfaction (or waiver) of certain conditions precedent, including (as applicable):

- FIRB approval (KfW subscription only): KfW obtaining approval under the Foreign Acquisitions and Takeovers Act 1975 (Cth);
- Shareholder approval: Arafura shareholders approving the issue of all Shares and the NRFC Convertible Notes for the purposes of ASX Listing Rule 7.1 and for any other relevant purposes;
- Completion of equity funding: The KfW and EFA subscriptions are inter-conditional and will complete simultaneously with any further capital raising required to fully fund the Nolans Project (other than the issue of Convertible Notes to NRFC);
- Debt financing: Execution of the key lender documents in relation to the project finance facilities;
- Environmental and social requirements (KfW subscription only): Delivery of an updated Environmental and Social Action Plan and Project Execution Plan;
- Construction approvals (EFA subscriptions only): Confirmation that Arafura has received all approvals required to commence construction of the Nolans Project;
- No material adverse change: No material adverse change occurring prior to Completion; and
- Other: Other conditions as set out in the Annexures.

In respect of each agreement, the conditions precedent must be satisfied by 1 December 2026 or such later date as agreed between the parties.

General Meeting

Arafura will convene a General Meeting (GM) of shareholders to seek approval for the issue of Shares to KfW and EFA, for the purposes of ASX Listing Rule 7.1.

Further detail regarding the timetable for the GM will be provided to shareholders in due course.

Commenting on the execution of the cornerstone equity subscriptions, Arafura's Managing Director, Darryl Cuzzubbo, said:

"Today marks a transformational milestone for Arafura and the Nolans Project. The execution of binding equity subscriptions from these two government agencies is a powerful endorsement of the strategic importance of Nolans to western supply chains.

This outcome is consistent with our long-stated equity funding strategy of partnering with government-seeded critical minerals funds, customers and strategic investors who share our vision for developing a reliable, and diversified source of rare earth supply.

With the support of our shareholders and incoming cornerstone partners, we are now firmly positioned to finalise our equity funding package and deliver Australia's first fully integrated ore-to-oxide rare earths operation. On behalf of the Board and management, I thank our cornerstone partners for their commitment and look forward to finalising remaining offtake and funding arrangements required for a FID and commencing construction of this nationally significant project."

Overview of the cornerstone investors

KfW is one of the world's leading promotional banks. KfW has been committed to improving economic, social and environmental living conditions across the globe on behalf of the Federal Republic of Germany and the federal states since 1948. In September 2024, the German Federal Government announced the allocation of EUR 1 billion to the GRMF to participate in mining, processing and recycling projects that contribute to safeguarding the supply of critical raw materials for German industry.

EFA is Australia's export credit agency, providing commercial finance for export trade and overseas infrastructure development that delivers benefits to Australia. EFA administers the Australian Government's National Interest Account, which includes the Critical Minerals Facility, the Defence Export Facility, the Southeast Asia Investment Financing Facility and lending for the Australian Infrastructure Financing Facility for the Pacific.

*To view tables and figures, please visit:
<https://abnnewswire.net/lnk/CA54Q1WF>

About Arafura Rare Earths Limited:

Arafura Resources Limited (ASX:ARU) (OTCMKTS:ARAFF) is a rare earths producer. The Company's principal activities consist of Nolans Project Environmental Impact Statement; mining and associated infrastructure, social and environmental feasibility evaluations, and mineral exploration, definition and development. Its segments include Project evaluation and development segment; Exploration segment, and Corporate segment. The Company's projects include Nolans, Aileron-Reynolds and Jervois. The Company owns 100% interest in the Nolans Project, which is located in Australia's Northern Territory, approximately 135 kilometers north-north-west of Alice Springs. It has a rare earths-phosphate-uranium deposit. The Aileron-Reynolds Project is located on the north-west of Alice Springs, which consists of over seven exploration licenses and covers an area of approximately 2,700 square kilometers. The Jervois JV located on the north-east of Alice Springs has an exploration license covering over 280 square kilometers.

Source:
Arafura Rare Earths Limited

Contact:

Investors Penelope Stonier Chief Corporate Affairs Officer +61 476 435 120 pstonier@arultd.com Media
Luke Forrestal GRA Partners +61 411 479 144 luke.forrestal@grapartners.com.au

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