

NAIF loan approved as Hastings funding falls into place

AUSTRALIA'S likely next rare earths operation, which will produce the raw materials needed for the super-powerful magnets that underpin much modern technology, is one step closer to a positive final investment decision this morning.



Finance > Project-finance

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The Australian taxpayer will stump up A\$140 million via the Northern Australia Infrastructure Facility to support the development of the Yangibana project in Western Australia's Gascoyne region, Hastings Technology Metals confirmed this morning.

The loan, which is subject to pre-completion, has a 12.5-year tenor and was described by the company as a critical component underpinning finalisation of its remaining funding requirements.

FID is contingent on completion of an expenditure validation exercise, which will finalise final capital requirements, currently estimated at \$449 million.

Hastings anticipates taking on debts of \$300-400 million in debt with a lender consortium, likely to involve Germany's state bank KfW-Ipex Bank, Finland's export credit agency Finnvera, and a range of finance groups.

Hastings lodged an application for a slice of the NAIF funding pie, administered by Canberra, in 2019, and anticipates drawing down the first funding in early 2023.

Early works have commenced for key infrastructure such as access road construction, as has design for long-lead items underway in anticipation of plant construction September quarter has also commenced.

Yangibana comprises 10 deposits in the Gascoyne, where there are resources of 137,000t total rare earth oxides, and a hydrometallurgical plant some 430km away at the Ashburton North Strategic Industrial Area, near Onslow on the Pilbara coast, to produce a mixed rare earths carbonate product.

The company believes Yangibana will meet 6-8% of global demand for neodymium and praseodymium when it ramps up to 15,000tpa.

Prices for the critical metals rose 40% in the December quarter to reach a reported US\$134.22/kg oxide in China.

First production is planned for 2024.

It has three offtake agreements to cover the majority of planned production.

Hastings ended 2022 with A\$96 million cash and equivalents, and anticipates securing a further \$32 million via the exercise of 25c options in April.

In February 2021 it raised \$101 million at 19c.

Shares in the junior have traded at 15-32c over the past year, and were last traded at 26c, valuing it at \$452 million.

Hastings raised \$101 million at 19c in an upsized placement in February.

