

Facilitating Infrastructure Development in the North

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www.naif.gov.au

energyminesandmoney
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NAIF Objectives



Economic and social benefit for the north



Bringing forward development by addressing the market finance 'gap'



Collaboration with State and Territory jurisdictions



Meaningful change to benefit Indigenous communities

Delivering infrastructure, jobs and public benefit to the north

\$1.3bn current commitments comprising 10 Investment Decisions and 3 Conditional Approvals

\$1.3bn
Approved

\$2.8bn
Total project value of approved NAIF Loans

2,597*
Jobs
1,917 construction
680 operations

\$2.3bn*
Public benefit to be generated
Effective actions for genuine Indigenous engagement



\$869m
Energy and Resource



\$200m
Airport upgrades



\$98m
Education



\$32m
Agriculture & Manufacturing



\$28m
Tourism



\$20m
Roads



\$17m
Ports

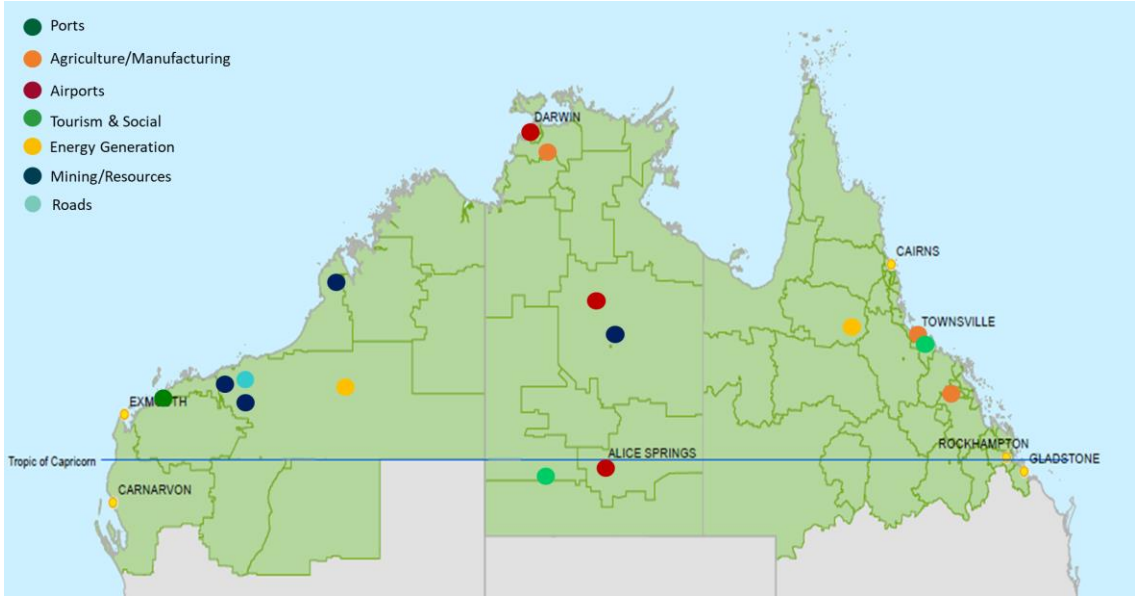
Commitments across all jurisdictions

Mining and resources sector critical to growth in the north

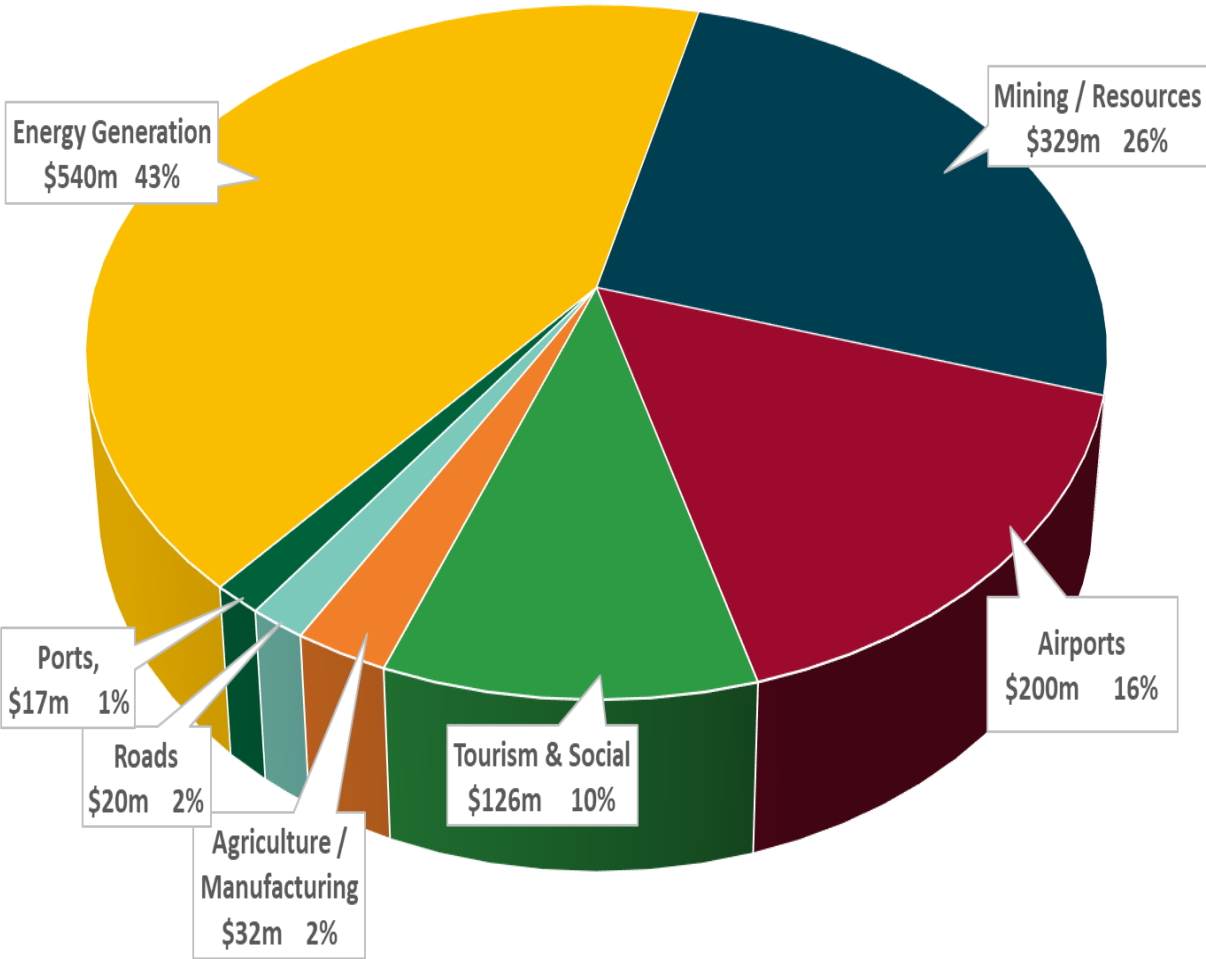
QLD
\$623m
4 Loans

NT
\$345m
4 Loans*

WA
\$296m
5 Loans

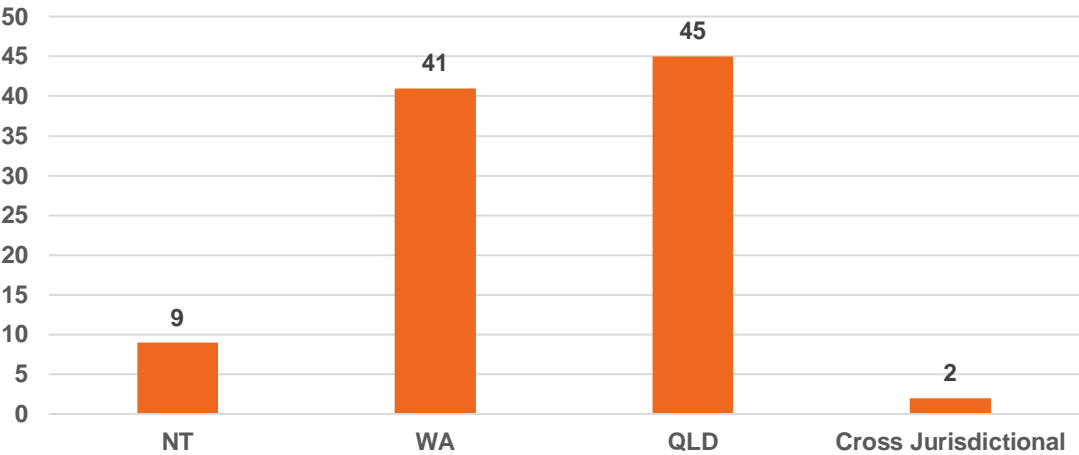


* ADG across 3 locations

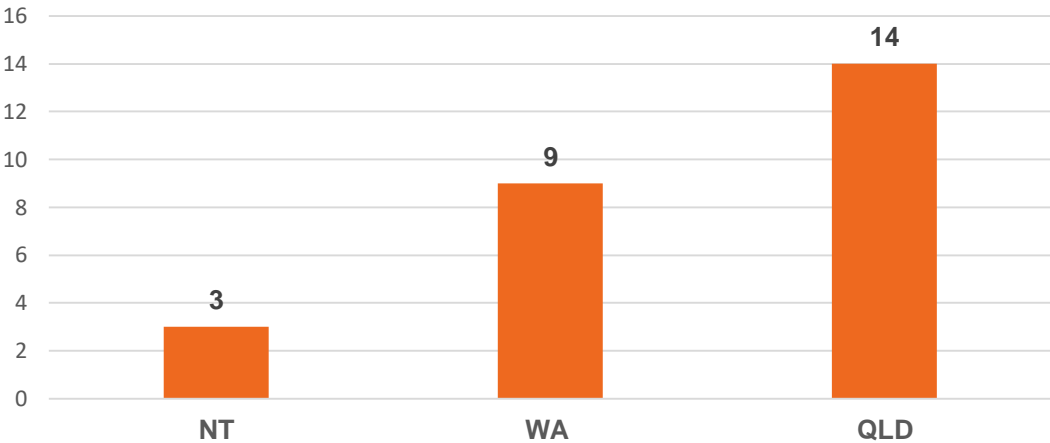


NAIF Pipeline (1 June 2019)

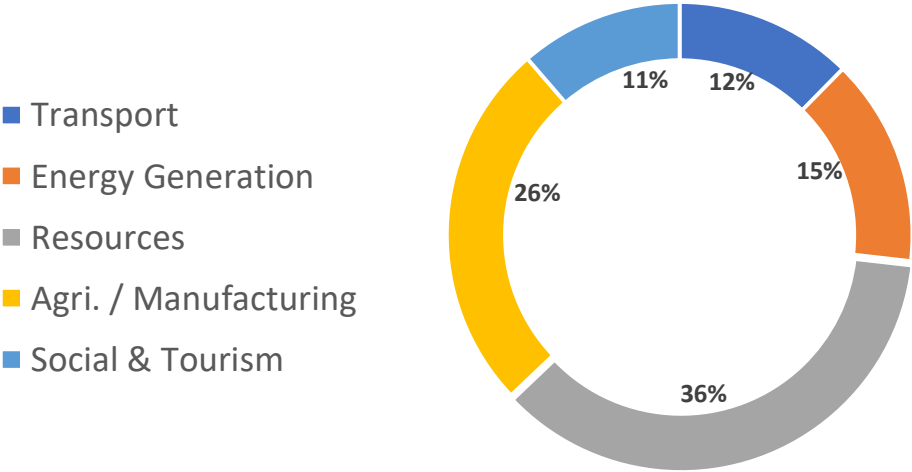
97 Active Project Enquiries



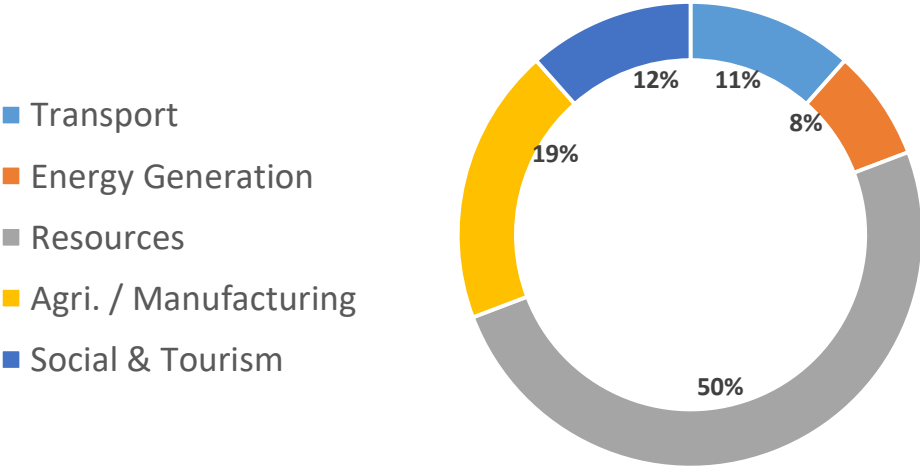
26 Due Diligence Projects



Active Project Enquiries - by Sector



Due Diligence Projects - by Sector



5 key facts

\$

NAIF is a loan facility

Primary financing mechanism is fixed rate, AUD loans.

5

Independent Board and 5 mandatory criteria

- Board makes Investment Decisions.
- There are 5 mandatory eligibility criteria.



Commonwealth funding but State / Territory lender on record

- Funds flow from Commonwealth through jurisdiction to Project.
- Commonwealth and State government approval required.

%

Loan size based on 'gap' and appropriate gearing level

- Can lend up to 100% of debt.
- Projects still require equity and appropriate risk sharing.

✓

Required to minimise concessions

- Minimum necessary for project to proceed.
- Size of concessions depend on public benefit of project.

Five Mandatory Eligibility Criteria

The project must:

1. Involve the construction or enhancement of infrastructure
2. Be of public benefit
3. Be located in, or have significant benefit for, northern Australia
4. Be able to repay or refinance NAIF debt
5. Have an Indigenous Engagement Strategy

What is infrastructure?

Definition:

Project incorporates construction or enhancement of physical structures, assets or facilities associated with:

- a) the transport or flow of people, goods, services or information;*
- b) the establishment or enhancement of business activity in a region;*
- c) an increase in economic activity in a region, including efficiency in developing or connecting markets; or*
- d) an increase in population.*

Includes projects that aren't standalone infrastructure but have infrastructure components

Usually multi user capacity but single user may qualify

Must bring new capacity on line

Traditional infrastructure and operating assets

What is infrastructure?

Industry sectors – wide range of eligible asset types

Minerals & Energy

Agriculture

Tourism

Education

Medical

Transport

Types of infrastructure NAIF can support

Water assets

Rail

Roads

Airports

Energy including renewables

Communications

Treatment, Distribution, Storage

Processing facilities

Marinas

Generation, Distribution, Storage

Abattoirs and agriculture processing plants

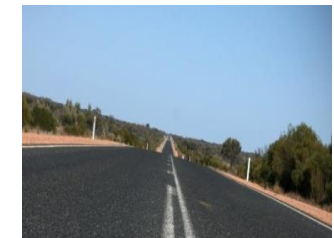
Training or educational facilities

Health facilities and medical research

Seaports

Associated cargo / storage facilities

Transshipment vessels



Examples for Energy and Mining Projects

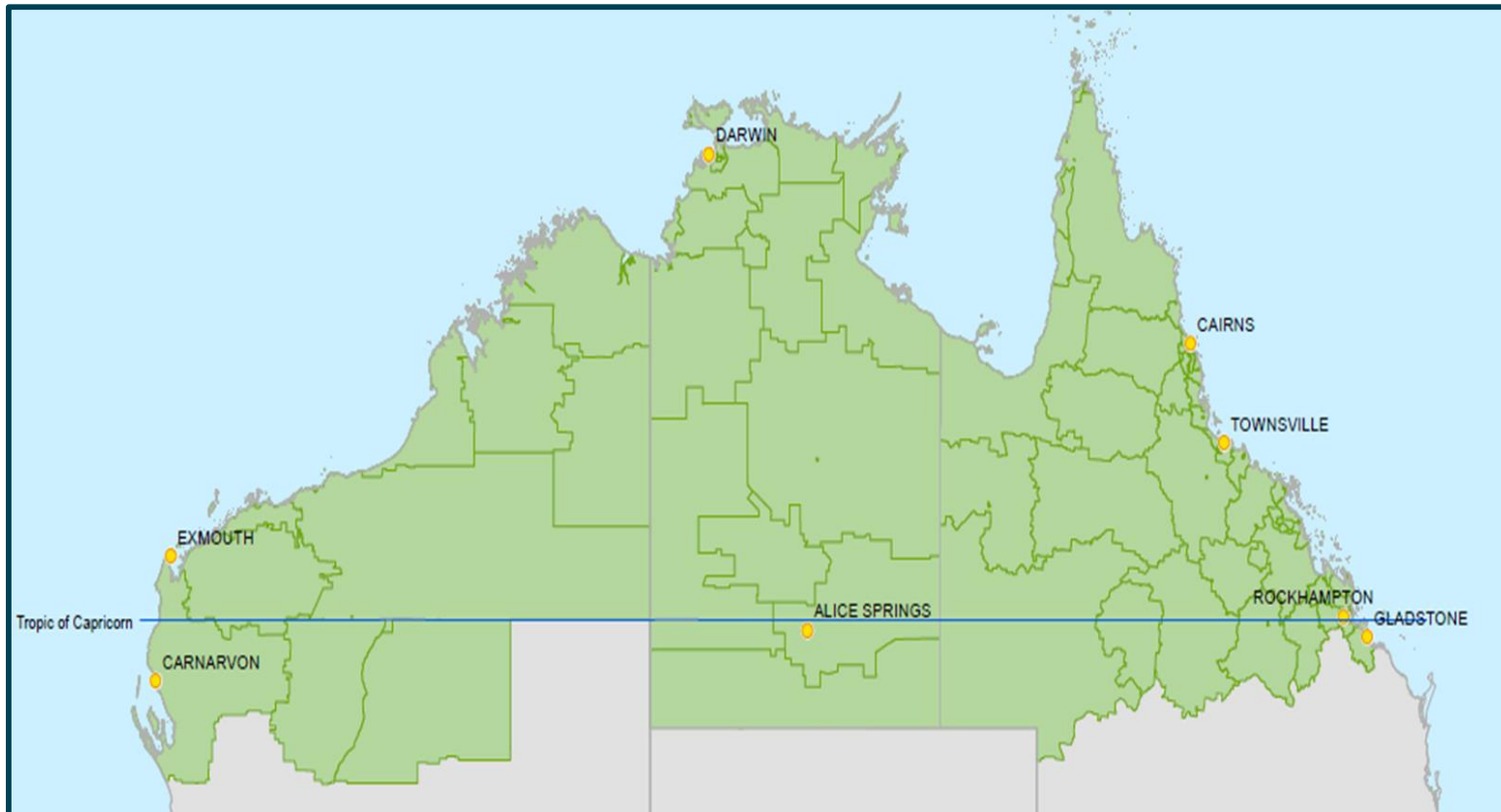
- Ore processing, loaders, rail, roads, ports, transshipment vessels, storage, water, training facilities, power generation, transmission.

Where is the north?





Northern Australia



The Project must:

- Be located in the north; or
- Provide significant benefit to the north

Other NAIF features

Catalyse project delivery

- Loan or alternative financing mechanism. Qld, WA, NT Governments are “lender on record”.
- Indicative term sheets to encourage other project participants.

Concessional lender (minimum required for project to proceed)

- NAIF funds not a grant but can be highly **concessional with regard to the public benefit generated**.
- Financing terms may:
 - Have **longer tenors** (up to 30 years)
 - Have **lower interest rates**
 - Be **more patient (e.g. longer interest capitalisation, interest only periods)** to allow ramp up
 - Offer **tailored loan repayment** schedules
 - Be **subordinated** on cash flow or security basis.

Proponent

- **Can be private or public sector.**
- NAIF is not the Proponent.

Equity Capital

- Can be **domestic** or **foreign** ownership. NAIF does not provide equity or feasibility funding.

Non NAIF Debt

- NAIF can partner with other financiers (public and private).
- NAIF aim is to **complement** private sector, not **compete** with it.

Investment Decisions and conditional approvals

NAME	RESOURCE	TYPES OF ASSETS	LOCATION	NAIF AMOUNT
Kalium Lakes Limited - Beyondie	Sulphate of potash	Gas pipeline, gas fired power station, upgrades to a connecting road, new communication facilities, airstrip and accommodation village	WA	\$74m
Verdant Minerals Limited - Ammaroo*	Phosphate	Mining infrastructure and processing plant	NT	\$160m
Sheffield Resources Limited - Thunderbird	Mineral sands (zircon and titanium dioxide)	Processing plant, LNG power station, gas storage facilities and ship-loading and logistics assets	WA	\$95m
Pilbara Minerals Limited	Lithium ore	Upgrade of a public road, south of Port Hedland	WA	\$19.5m
Onslow Marine Supply Base	Supporting the offshore oil and gas industries	Marine supply facility including wharf, training wall upgrade and inner/harbour channel expansion	WA	\$16.8m

* Conditional approval

Projects in Due Diligence (publicly announced)

NAME	RESOURCE	LOCATION
Hastings Technology Metals Limited - Yangibana	Mixed rare earths carbonate	WA
Australian Mines Limited - Sconi	Nickel scandium and cobalt	Queensland
Centrex Metals Limited – Ardmore	Phosphate Rock	Queensland
Arafura Resources Limited – Nolans	Rare earths (Neodymium-Praseodymium)	NT
Venturex Resources Limited – Sulphur Springs	Copper-zinc	WA
EcoMag Limited	Magnesium	WA
Agrimin Limited	Sulphate of potash	WA

NAIF investment decision process



- Project proponents are encouraged to contact NAIF as early as possible to discuss their project, prior to submitting any formal information.

Why NAIF?

A differentiated offering from other public and private lenders

Facilitates project development

Concessions
eg tenor, interest rate, repayment
profile, risk allocation, volume



Patient capital in structure

Understands risks and challenges of
the north and remote locations



Range of infrastructure assets can be funded

Economic and social development for northern Australia

Kalium Lakes – Investment Decision February 2019

Infrastructure includes lateral gas pipeline, gas fired power station, upgrades to a connecting road, new communication facilities, airstrip and accommodation village

NAIF loan
\$74m

Total project value
\$250m



Public Benefit

- Providing first domestic source of fertiliser, plays a significant role in improving agricultural yield and productivity
- 140 construction jobs and 56 jobs in operations
- Assessed public benefit of \$169m over 30-year mine life

Indigenous engagement

- Existing strong relationship with local Traditional Owners groups, the Gingirana and Birriliburu peoples
- Proactive identification and support of candidates for employment opportunities
- Training and support to improve employee retention
- Promotion of procurement opportunities and supporting Indigenous business capacity building

NAIF investment is a **major milestone** for the **Beyondie Sulphate of Potash Project**, allowing Kalium Lakes to **bring forward construction** of a 78 kilometre lateral **gas pipeline** connecting to the Goldfields Gas pipeline and an **on-site gas fired power station, reducing operating costs** by approximately A\$62-65 per tonne.

Financial assistance is subject to finalisation of conditions precedent and WA Government's consideration and agreement for approved funds to be advanced

Sheffield Resources Limited – Investment Decision August 2018

Infrastructure including LNG power station and reticulation, upgrade road and port infrastructure to support Thunderbird Mineral Sands Project, in West Kimberley region, WA

NAIF loan
\$95m

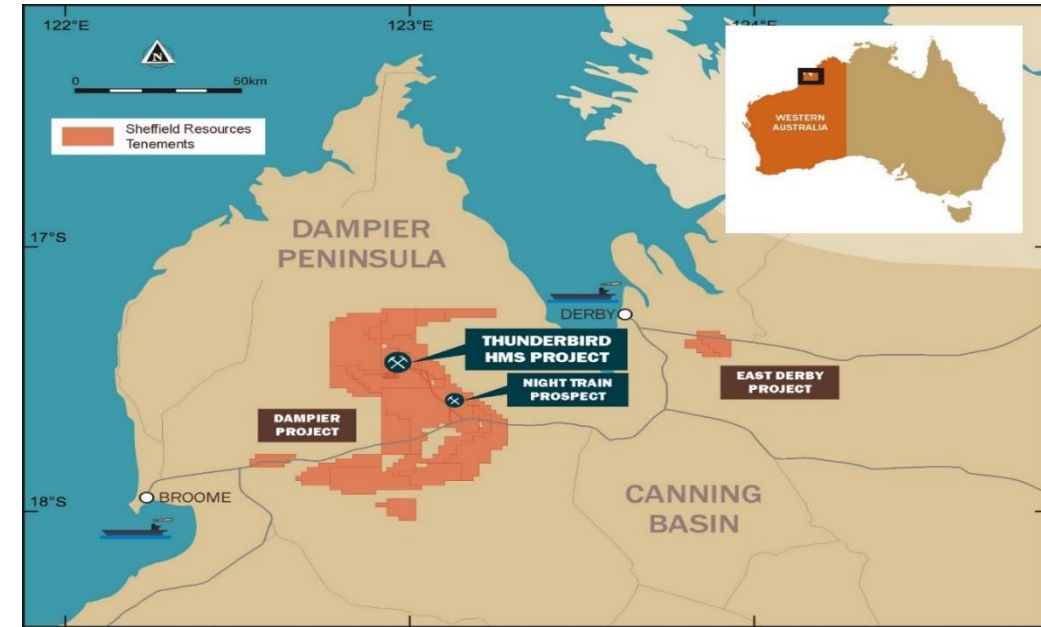
Total project value
\$562m

Public Benefit

- Forecast net public benefit of \$487m over 42-years mine life
- Drive in/drive out jobs will provide local employment, training and business opportunities and lift economy and lifestyles of Derby and Broome
- 400 construction jobs and 280 direct jobs plus support services and training opportunities

Indigenous engagement

- Sheffield's *Our Pledge to the Kimberley Community* includes Aboriginal jobs (build to 40% in first 8 years of operation) and Aboriginal business content (minimum of \$5m/year from year 5) plus Aboriginal training fund
- Cash royalties to exceed \$100m over 42 years
- Cross-cultural awareness training by Traditional Owners for all employees and contractors



NAIF loans will **contribute** to the development of infrastructure for **Thunderbird Mineral Sands Project**, one of the world's **largest and highest grade zircon and titanium dioxide** deposits. These materials have a wide range of uses, from **tiles and fibre optics** to **sunscreen and food colouring**.

NAIF's assistance effectively **accelerates the development of important infrastructure elements** of the Thunderbird project, filling a gap in Sheffield's finance that it could not obtain from private sector debt and equity markets at this point in its corporate development.

Financial assistance is subject to finalisation of conditions precedent and WA Government's consideration and agreement for approved funds to be advanced.

Onslow Marine Supply Base (OMSB) – Investment Decision Sept 2017

**Marine supply facility including wharf and harbour expansion.
Onslow, WA**

NAIF loan
up to
\$16.8m

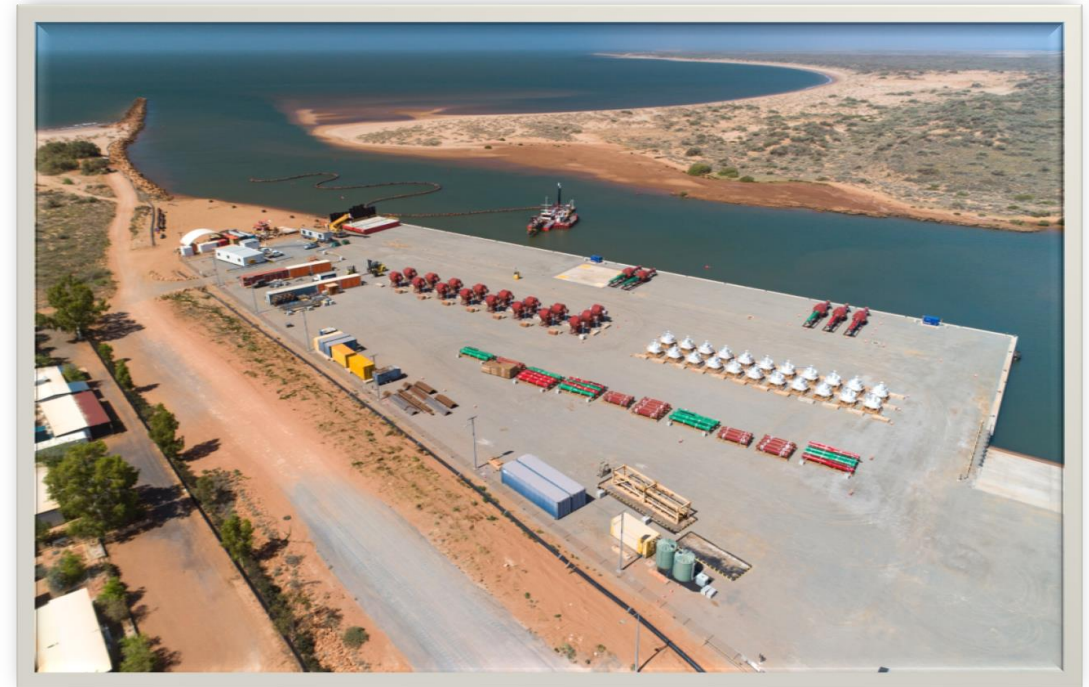
Total project value
\$120m
over 3 stages

Public Benefit Forecast \$100m over 10 years

- 61 jobs and \$18.2m economic benefit during construction
- 166 jobs and \$37.5m economic benefit during operations
- Multi-user facility providing significant savings for users with flow-on economic and community benefits

Indigenous engagement

- Proponent will engage with Indigenous communities to explore partnership opportunities with other businesses
- Project will have direct engagement with Indigenous suppliers, contractors and businesses that employ local Indigenous workers.
- Contractor must report on a 6 monthly basis on engagement activities and the number of hours of Indigenous people employed



NAIF Investment accelerated the project bringing forward construction by 3-5 years

Timetable

- | | |
|-----------------------------------|---------------|
| • Environmental Approvals issued: | 18 April 2018 |
| • WA premier signing for State: | 31 May 2018 |
| • Financial Close: | 7 June 2018 |
| • First NAIF drawdown: | 14 June 2018 |

Thank you

