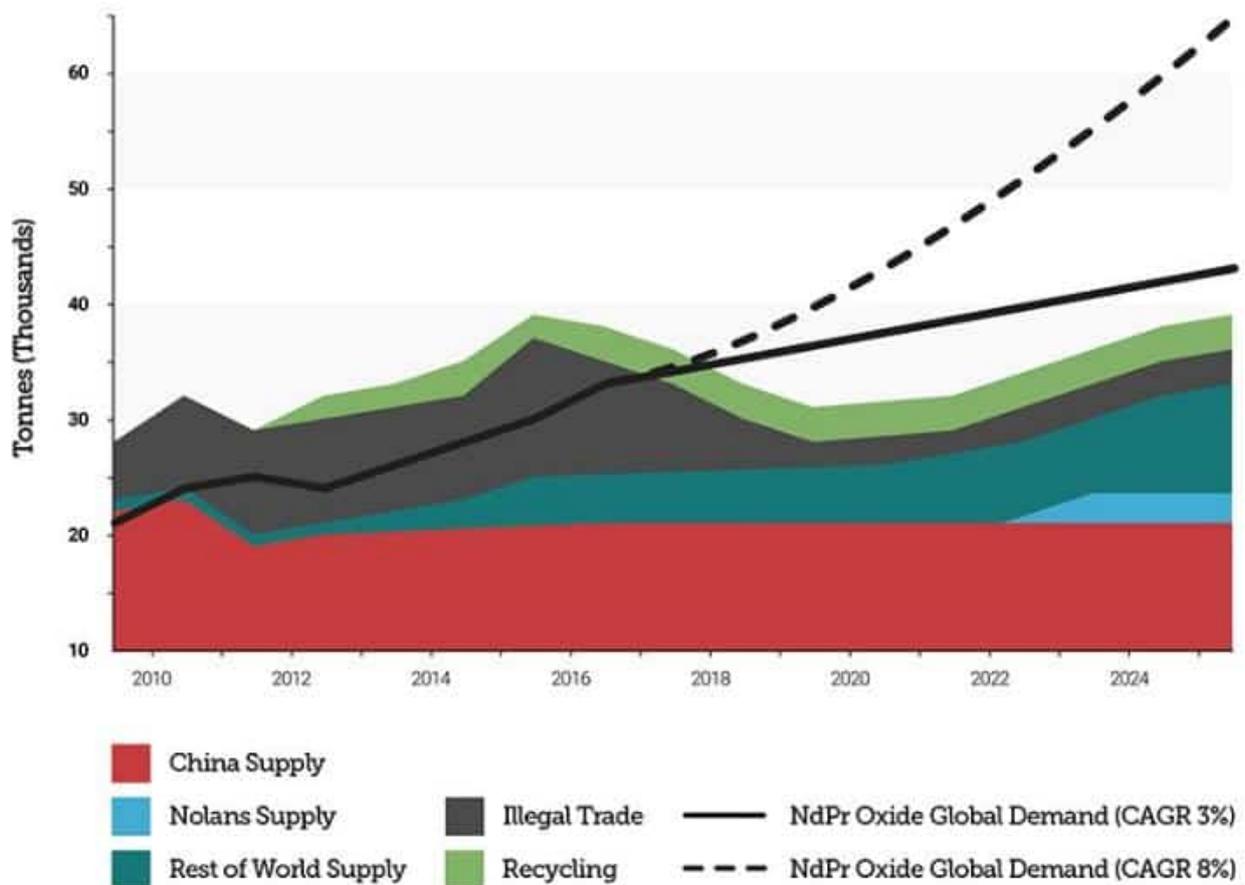


Arafura to build a rare earths separation plant in Australia's Northern Territory

Electric motors are simple, with just a handful of critical components. For mechanical reasons, a housing is required; it's called a stator because it stays put. A rotor is needed to spin a shaft and create torque. To make the motor work, the stator and the rotor need to interact magnetically so as to convert electrical energy to mechanical energy. Two rare earth elements, neodymium (Nd) and praseodymium (Pr), are the key raw materials in ultra-strong permanent magnets, which are essential to the electronics, technology, automotive and electric motor industries.

NdPr Oxide is a key component in the manufacturing of high-strength NdFeB permanent magnets used in electric vehicles (EVs), wind turbines, portable electronic devices, and many industrial applications. Demand for rare earths is expected to outstrip supply and a shortfall is predicted by 2020.

NdPr Oxide Supply & Demand



Arafura Resources Ltd. (ASX: ARU) own the Nolans Project – A world class neodymium-praseodymium (NdPr) resource, 135 km north of Alice Springs in Australia’s Northern Territory. Arafura is focused on producing a high purity NdPr oxide product for use by advanced magnet and magnet alloy customers as its flagship product.

Nolans Project

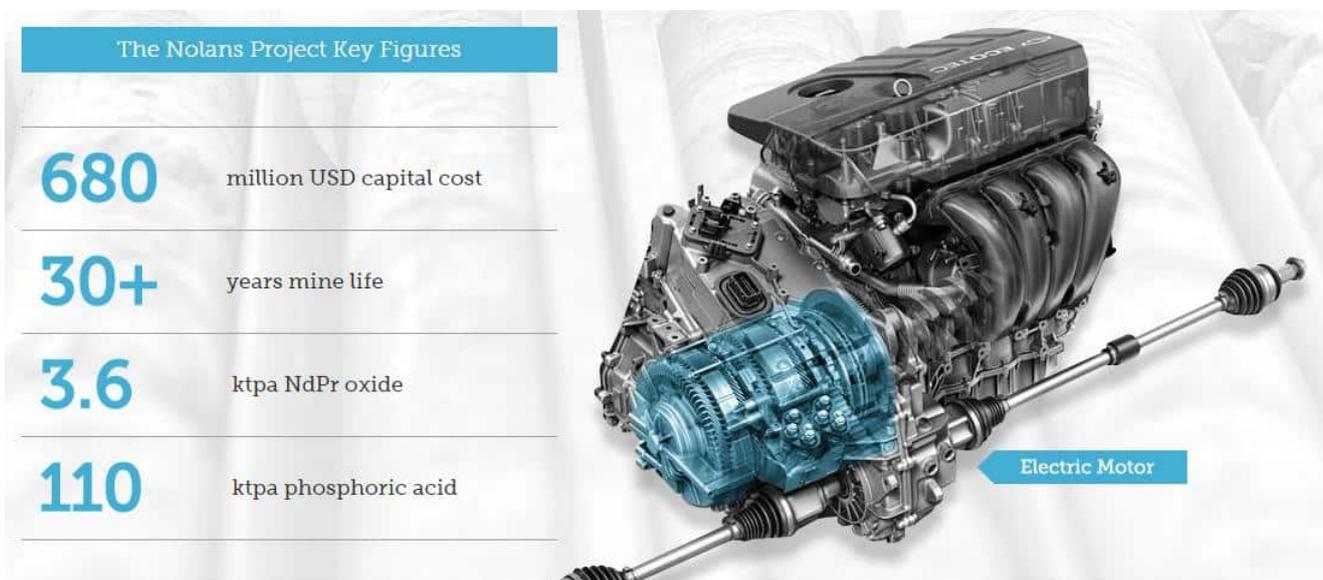
Arafura Resources will in the next few years become a long-term, secure supplier of neodymium and praseodymium (NdPr) from its 100%-owned Nolans project. The Measured and Indicated resources base has the potential to support mining and processing operations for at least 30-35 years, at a design capacity of 14,000 tonnes of total rare earth oxides (TREO) equivalent per annum. Nolans could supply up to 10% of the worlds demand of neodymium and praseodymium when in full production (expected by 2020). Significantly the Company

state: “Nolan’s is forecast to have ultra competitive operating costs of US\$6.23/kg TREO or US\$24.38/kg NdPr oxide (lowest amongst peers).”

Nolans Separation Plant

Arafura had planned to build a separation plant for its Nolans neodymium-praseodymium (NdPr) project off-shore, with locations such as South Korea being considered for environmental, economic and operation factors. However, the project’s definitive feasibility study (DFS), test work and flow-sheet piloting programs indicate that moving the plant to the Nolans site in Australia’s Northern Territory, will be more feasible due to what the company calls “process and configuration efficiencies.” According to the Company, the move will also mitigate some of the project’s operational risks. The separation plant’s purpose is to take a mixed rare earth intermediate product and refine it into NdPr oxide and other rare earth products.

Arafura Managing Director Gavin Lockyer said: “We are very pleased to have settled on the site for the project’s separation plant. This makes Nolans a 100% Australian domiciled project and unlocks significant value prior to product export.”



Near term catalysts for Nolans

Advancing NdPr offtake arrangements, reporting DFS results, engaging with strategic partners for capital equipment procurement and project funding.

Aileron-Reynolds exploration project

Comprising eight exploration licenses and covering an area of approximately 1,800 km², Aileron-Reynolds represents Arafura's key exploration focus in the Northern Territory. The primary emphasis of Arafura's exploration at Aileron-Reynolds is on NdPr opportunities that are likely to deliver additional mill feed for the Nolans operation, or complement the development of the project.

Jervois JV

Arafura's interests at Jervois north-east of Alice Springs, covers about 280 km². The base and precious metals exploration and development rights are the subject of a joint venture between Rox Resources (51% and operator) and Arafura (49%). Arafura retains sole ownership of all other mineral rights on the tenement.

Arafura's Nolans project is one of the world's largest and more advanced NdPr projects, which provides investors with a compelling investment opportunity in a low-risk jurisdiction. Looking ahead there are several near term catalysts that if achieved should see a significant re-rating of the Company.