

# Massive Cash Injection for Anticipated Rare Earth Development

A record-breaking quantity of essential rare earth elements (REEs) has inspired massive investment in Arafura Resources Ltd. (ASX: ARU) ("Arafura") so far this year. The company spent the trailing-twelve-months demonstrating consistent growth and bucking heavy rare-earth market trends due to the presence of large quantities of Neodymium (Nd) and Praseodymium (Pr) at their 100% owned Nolans project. Share prices steadily climbed in value for the second half of 2016, and have boomed year-to-date as a result of enormous institutional and private funding.

The project's unfailing popularity is based on the surging demand for permanent super-strong magnets that are essential for the manufacture of advanced motor systems in electric vehicles. Since receiving such generous financing throughout 2017, Arafura is on-track to become one of the world's leading suppliers of super-magnets, just in time for the EV boom.

The cornerstone asset to the Project is the Nolans Bore rare earths-phosphate-uranium deposit, discovered in 1995. Nolans Bore is located in Australia's Northern Territory, about 135 kilometres north-north-west of Alice Springs and 10 kilometres west of the Stuart Highway near Aileron Roadhouse. Nd and Pr is present throughout the entire of the Earth's crust, but locating deposits that can be recovered in economically viable quantities can be challenging. Arafura not only possesses a resource of incredibly high-density, but one of the lowest production costs in the industry.

Given the well-established and mining-friendly political landscape, the company intends to process the material and add

value on-site in Australia, as opposed to shipping an unrefined RE-mix elsewhere. Additionally, phosphoric acid will be produced alongside the target metals to bring down overall operating costs; the decision to refine the final product further, as well as bringing down the cost per kilogram of NdPr products means that Nolans sits very low in the bottom quartile of the cost curve.

Further engineering studies have maintained the low-cost proposition by resizing equipment, reducing necessary reagents and cutting down on workforce requirements. Arafura will initially produce three refined rare-earth products from Nolans – Neodymium-Praseodymium Oxide (NdPr), Lanthanum Oxide and SEG-HRE Carbonate – as well as Cerium Hydroxide and the previously mentioned merchant grade phosphoric acid. As Nolans has one of the highest NdPr Oxide contents of all rare earths projects currently being considered for development across the globe, approximately 80% of revenue is expected to be generated by this product.

The Nolans feasibility study is well advanced, with comprehensive final piloting, commercial and regulatory approval work in progress. These work streams, and now the finance, are driving the project towards construction, which looks to be happening early 2018. The Measured and Indicated resources have the potential to support mining and processing operations for at least 30 years, with the potential for upwards of four decades of NdPr supply. The company expects to lodge its Environmental Impact Statement with the Northern Territory Environment Protection Authority during the June quarter of 2017, another significant step towards full production.

Around seven years ago, there were over five-hundred rare-earth hunters listed on the ASX, and today there are around eight. The worthiness of this project cannot be understated; having survived the market-so-far, Arafura is perfectly poised to benefit from the next five years of NdPr demand, driven by

our need for high-speed, low-friction motors, without which we are unable to supply the world with the clean-tech based transport it is crying out for.