ASX Announcement

Work Begins to Extend Nolans Mine Life

1 October 2019



- New drilling and metallurgical programs underway
- Aim to extend Nolans mine life beyond the 23 years envisaged in Definitive Feasibility Study

Arafura Resources Limited (ASX: ARU) (Arafura or the **Company)** is pleased to announce that it has commenced drilling and metallurgical programs aimed at increasing the mine life of its 100 per cent-owned Nolans Neodymium-Praseodymium (NdPr) project in the Northern Territory beyond 23 years.¹

These programs were highlighted in the use of funds from the recently completed fully underwritten \$23.2 million entitlement offer (refer to ASX announcement 20 June 2019).

The drilling planned for the Nolans Bore deposit comprises up to nine inclined diamond core holes. Five of the holes are being drilled across the Southeast Zone of the deposit (Figure 1) into shallow resources where there is limited or no drill core currently available. These infill resource definition holes will be cored from surface to final depths of between 70 and 120 metres to confirm material types, refine resource modelling and better inform mine planning. Indicated Resources in this part of the deposit have previously been estimated primarily on reverse circulation (RC) drilling.

Core samples from these five holes will be used in a metallurgical program being completed at Nagrom's mineral processing facility in Perth. The program involves flotation variability test work on a large number of samples of material types that were included in the Nolans Definitive Feasibility Study (DFS) upside case production schedule but excluded from the base case production schedule based on Ore Reserves only (refer to ASX announcement 7 February 2019 and the Nolans Definitive Feasibility Study Summary Report).

The drilling and metallurgical programs are expected to be completed during the December quarter, resulting in an updated estimate of Ore Reserves and corresponding mine life.

The other four diamond core holes are designed to target deep extensions of NdPr-rich mineralisation 100-200 metres beneath the final mining pit in the North and Southeast zones. Final depths for these drill holes are planned to lie in the range 350-500 metres. The Company expects to report assay results from this drilling in the early part of 2020.



¹ Information in relation to the mine life included in this announcement is extracted from an ASX announcement dated 7 February 2019 (Nolans Project Definitive Feasibility Study). Arafura Resources confirms that all material assumptions underpinning the mine life set out in the announcement released on 7 February 2019 continue to apply and have not materially changed.



Additionally, the Company is bringing forward a small geotechnical drilling program originally scheduled for 2020 to confirm the suitability of rocks near the project site for construction materials.

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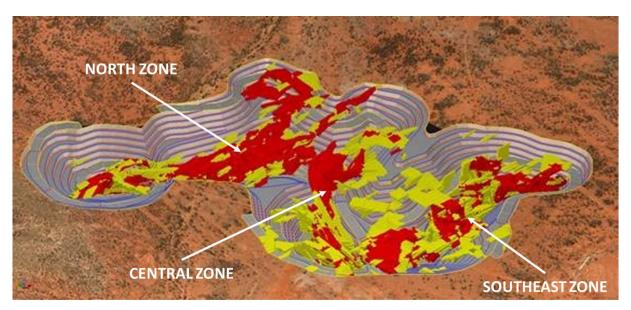
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Figure 1: Nolans Project Ore Reserves (red) and other Mineral Resources (yellow)



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