

ASX Announcement

Australian Government Environmental Approval Secured for Nolans NdPr Project

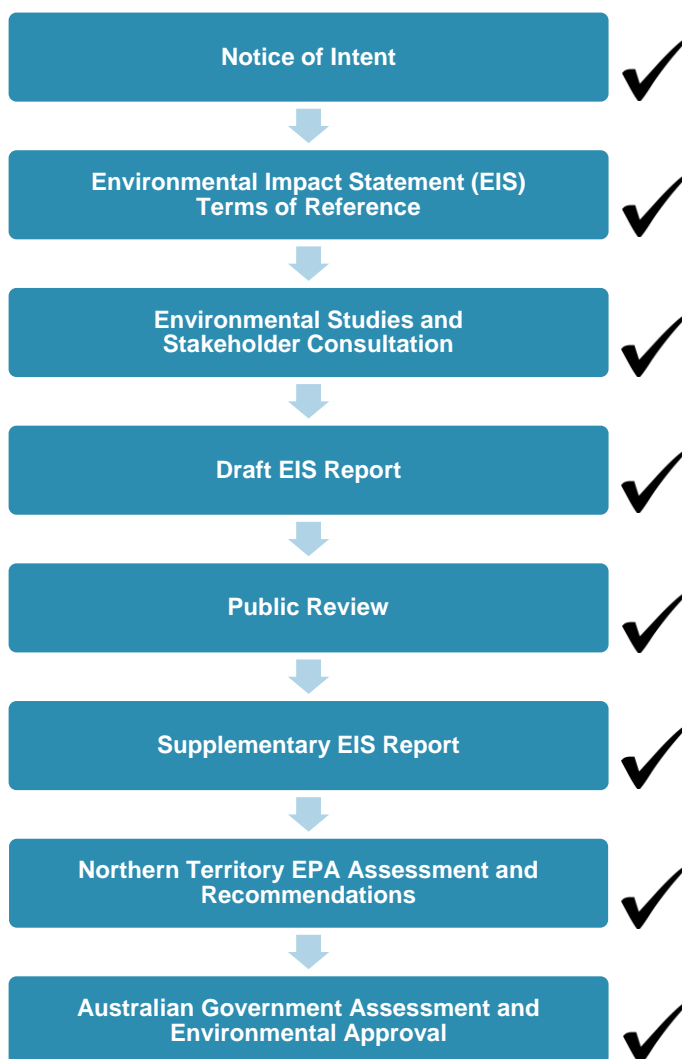


14 May 2018

Arafura Resources Limited (ASX: ARU) (Arafura or the Company) is pleased to advise that it has received environmental approval from the Australian Government for its 100 per cent-owned Nolans Neodymium-Praseodymium (NdPr) project in the Northern Territory. This is a key milestone in the project's advancement towards a final investment decision (FID).

This approval represents the final step in the project's environmental approvals process. It follows receipt by Arafura in December of the Northern Territory Environment Protection Authority's (NT EPA) environmental impact assessment report which also recommends the project can proceed.

The Australian Government's assessment, which was completed under the *Environment Protection and Biodiversity Conservation (EPBC) Act*, recommends a number of conditions, some of which relate to important project environmental aspects such as biodiversity, groundwater and radiation. Arafura will incorporate these and the NT EPA's conditions in the final Mining Management Plan (MMP) for the project which the Company intends preparing during the second half of 2018. Final project construction and operating approvals will be obtained when the Northern Territory Department of Primary Industry and Resources issues a mining authorisation and approves the activities in the MMP.



Nolans progress through environmental approvals now complete

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Arafura's Managing Director, Gavin Lockyer, said, *"The quality of work completed by our sustainability team and environmental consultants GHD has again shone through in the receipt of this final government approval.*

"With Territory and Federal approvals in hand, Arafura is better placed to engage in meaningful discussions with potential strategic partners and other parties that may have an interest in assisting with funding the development of the Nolans project.

"Along with completing engineering studies, progressing project funding options will be a priority for the Company during 2018," Mr Lockyer said.

The Australian Government's environmental approval conditions can be found on the Department of the Environment and Energy's website at

<http://epbcnotices.environment.gov.au/publicnoticesreferrals/>.

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About Arafura Resources and the Nolans NdPr Project

Arafura Resources is an ASX-listed company with offices in Perth and Darwin. Its 100 per cent-owned Nolans Project is located near Aileron, 135 kilometres north-north-west of Alice Springs in Australia's Northern Territory. Arafura plans to mine, concentrate and chemically process rare earths at the Nolans site, then transport an intermediate product to an offshore refinery for final processing into saleable rare earth products.

The key rare earths from the project are Neodymium (Nd) and Praseodymium (Pr). NdPr is in short supply globally and is the critical raw material in the manufacture of ultra-strong, high-performance permanent magnets, which are used extensively in the automotive industry for electric components such as seats, mirrors, wipers, steering and braking. Importantly, NdPr has also emerged as a key enabler of hybrid and electric vehicles (EVs) as high-performance magnets play a key role in electric traction motors.