

ASX Announcement

First NdPr offtake MoU signed for Nolans

15 October 2018



- **Agreement with Tier 1 magnet manufacturer and leading global supplier**
- **Covers one-quarter of forecast annual NdPr output from Nolans**

Arafura Resources Limited (ASX: ARU) (Arafura or the Company) is pleased to announce it has signed a Memorandum of Understanding (MoU) with JingCi Material Science Co., Ltd (JingCi) for the supply of Neodymium-Praseodymium (NdPr) oxide from its 100 per cent-owned Nolans Project in the Northern Territory.

JingCi is a Tier 1 Chinese manufacturer of Neodymium Iron Boron (NdFeB) permanent magnets, producing approximately 6,500 tonnes per annum and operating under Hitachi Metals' worldwide patents. Approximately 85% of JingCi's sales are outside of China, primarily to globally recognised automotive, wind energy, consumer electronics and industrial motor companies, and to original equipment manufacturers (OEMs) in the supply chain.

The non-binding MoU envisages the long-term supply to JingCi of up to 900 tonnes per annum of NdPr oxide, a quarter of Nolans forecast annual output of 3,600 tonnes¹, and provides a framework for negotiating a final offtake agreement.

The MoU also contains provisions whereby JingCi may assist Arafura in project financing, potentially through the introduction of OEMs to the process.

Arafura Managing Director, Gavin Lockyer, said, "We are delighted to have signed the MoU with JingCi and look forward to working with them to negotiate a final offtake agreement. This is an important step in the Company's efforts to arrange financing for the Nolans Project and is the result of a lot of hard work by our team."

The Company also advises it is negotiating offtake MoUs for the balance of its NdPr oxide offering, as well as for other rare earth products and phosphoric acid, and will inform the market on progress as they advance to completion.

¹ Refer Arafura Resources ASX release 7 June 2017 for additional and qualifying information on the Mineral Resources that underpin the production target and provides the material assumptions on which the production target is based. Arafura confirms that all material assumptions underpinning the forecast financial information derived from its 14,000 tonnes per annum total rare earth oxide (TREO) production target and the production target itself, continue to apply and have not materially changed since the 7 June 2017 release.



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