

# ASX Announcement

## Nolans Project Development Work to Accelerate

26 July 2019

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- **New funding facilitates accelerated development of the Nolans Project and strengthens Arafura's objective of being Australia's next fully integrated Neodymium-Praseodymium (NdPr) producer**
- **Planning for execution readiness activities advances**
- **Memorandum of Understanding executed to secure accommodation village for the Nolans Project**
- **Targeting project commissioning in early to mid-2022**

**Arafura Resources Limited (ASX:ARU) (Arafura or the Company)** is pleased to announce that following the successful completion of its fully underwritten \$23.2 million entitlement offer (*refer to ASX announcement dated 22 July 2019*), project development activities targeting a late-2020 commencement of early works construction of its 100%-owned Nolans Neodymium-Praseodymium (**NdPr**) Project (**the Project**) in the Northern Territory have commenced.

### Execution Readiness

Arafura is accelerating the planning and implementation of execution readiness activities. Wave International Pty Ltd (Wave) provided Arafura with engineering support for the Nolans Definitive Feasibility Study (DFS) and has subsequently been appointed to assist with project delivery services for the execution readiness phase. Execution readiness activities include the following:

- Finalisation of tendering and contracting strategies and identification of potential contractors;
- Preparation of major contract scopes of work (for process plant, non-process infrastructure and integrated project management team) ready for tendering of early contractor engagement;
- Development of control budget and schedules based on the DFS;
- Development of project specifications and standard documents; and
- Development of project policies and plans including execution, HSEC, local and Indigenous procurement, Indigenous engagement and change management.



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These execution readiness activities will culminate in awarding the contracts for the early contractor involvement (ECI) phase of the Project.

### **Accommodation Village**

Arafura has executed a Memorandum of Understanding (MOU) to secure the supply of a second-hand accommodation village for the Project with NT Link Pty Ltd (NT Link). Utilising results of the DFS, NT Link provided a quotation for the provision of accommodation rooms and associated facilities for a construction camp of 650 people, with an ongoing operational camp of 300 persons, and has agreed to generally hold its prices and rates throughout the option period.

The Company has the option to award the tender for the construction camp to NT Link between now and February 2020. If exercised, the option will ensure the availability of high-quality second-hand accommodation village facilities for Nolans, which are currently in use at other projects across the Northern Territory and other parts of Australia.

The use of a second-hand facility offers significant cost savings over new facilities as well as allowing for an accelerated mobilisation of the village to site following completion of preliminary site works.

NT Link is a Northern Territory-based transportable building company providing end-to-end services throughout northern and remote Australia. Specialising in providing high quality temporary and permanent transport building solutions, NT Link's services include design, manufacturing, transport and installation.

### **DFS Follow-Up Activities**

Following the completion of the DFS (*refer to ASX announcement dated 7 February 2019*) work has continued on a number of minor workstreams to address opportunities identified in the DFS. These include investigation of potential savings through campaign mining operations, and optimisation of the process plant layout.

#### **Layout Optimisation**

Hatch was engaged following the completion of the DFS to revisit the process plant layout and address a few minor issues that arose during the completion of the DFS. These matters included optimising the layout with respect to health and safety as well as operability, maintainability and constructability. In addition, various changes were made with a view to facilitating any future expansions as well as minimising up-front infrastructure to minimise capital cost.

The updated layout and documented reviews of the DFS layout will be used as the basis for the commencement of front-end engineering.

### **Project Development Timeline**

The completion of the Nolans DFS in February 2019 was a significant project milestone. However, production of final designs and detailed engineering to enable construction to commence as early as possible after project commitment represents a substantial body of work. Pre-execution readiness activities have continued through 2019 to enable efficient transition from feasibility to front-end engineering and design (FEED), and procurement and construction. The Company is now looking to bring forward project commitment and FEED with the aim of facilitating commencement of

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procurement and early works construction activities shortly after production commitment and availability of project funding.

Subject to project funding the indicative schedule for the Nolans Project to production is shown on the following page. This schedule targets first product shipment from Nolans in the December quarter 2022, subject to a number of factors including project funding being obtained, product offtake being secured, completion of construction of required mining infrastructure, and permitting and related activities being completed successfully.

- ENDS -

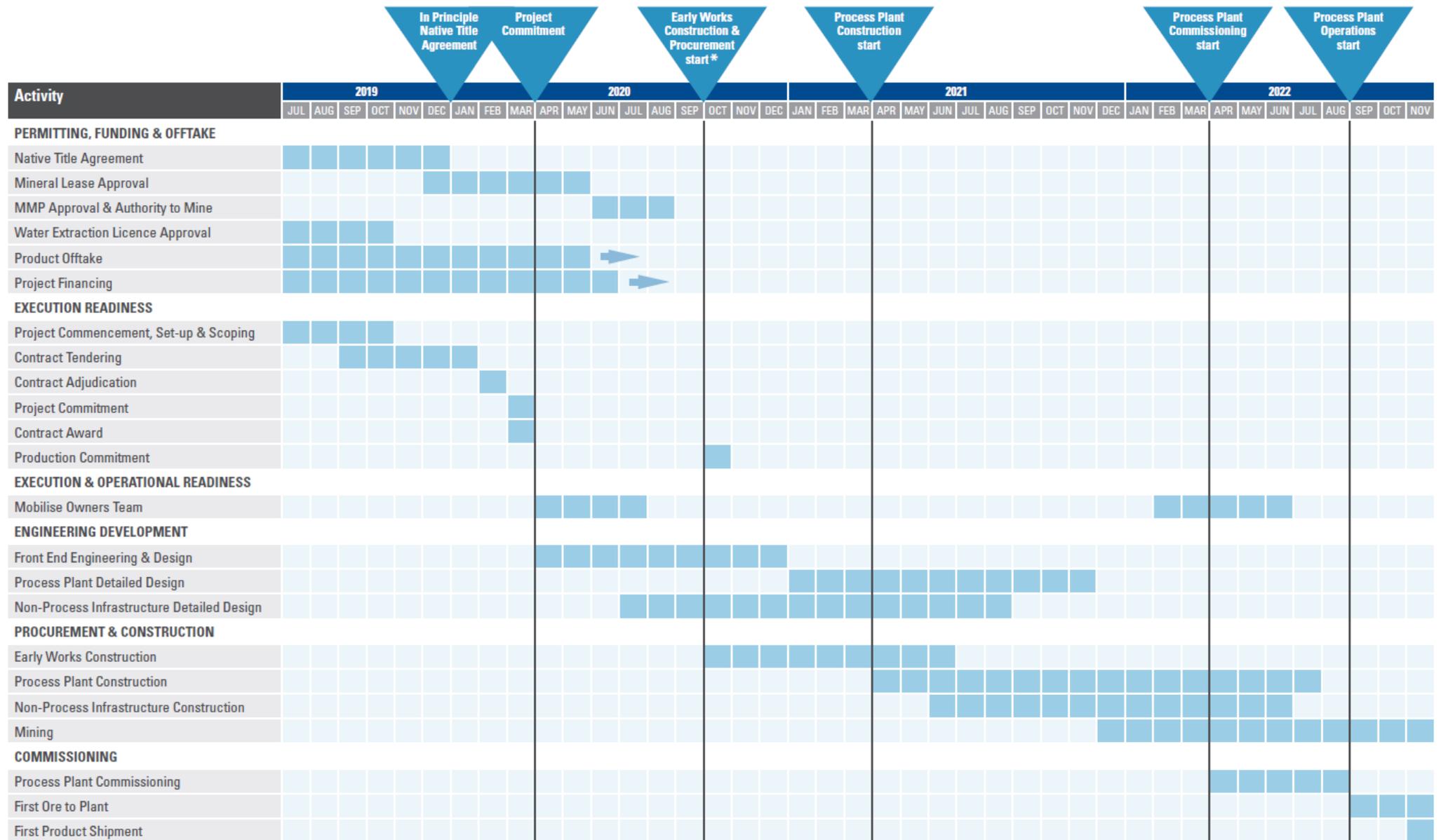
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# Indicative Timetable (Subject to change)



\*Early Works Construction & Procurement to the items that follow are subject to:

- Product Offtake being secured
- Sufficient Project Funding secured
- Permitting and other related activities being completed
- Each previous activity being completed successfully

Delays to commencing Early Works Construction will also impact the timing of Plant Construction and Commissioning.