ASX Announcement

Second MoU Signed for NdPr Oxide Product from Nolans

24 September 2019

- Agreement with Baotou Tianhe Magnetics Technology Co., one of China’s leading permanent magnet producers

Arafura Resources Limited (ASX: ARU) (Arafura or the Company) is pleased to announce that it has signed an additional Memorandum of Understanding (MoU) for the supply of rare earth products from its 100 per cent-owned Nolans Neodymium-Praseodymium (NdPr) project in the Northern Territory.

The MoU allows for the long-term sale of NdPr oxide from Nolans. Arafura plans to produce an average of 4,357 tonnes of NdPr oxide per annum for the 23-year operational life of the project1.

The MoU is with Baotou Tianhe Magnetics Technology Co., Ltd (Tianhe Magnetics), one of China’s leading manufacturers of Neodymium Iron Boron (NdFeB) permanent magnets with a production capacity of approximately 10,000 tonnes per annum from its facility in Baotou, Inner Mongolia. Tianhe Magnetics has been operating for more than 30 years, and has sales offices in Europe, the USA, Japan, South Korea and across China. Its customer base includes several globally recognised Western world companies that use magnets in EV/HEV motors, wind power generators, consumer electronics, household appliances, medical devices, and aerospace applications.

The provisions outlined in the MoU are non-binding on both parties and are intended to provide a framework for negotiating a final offtake agreement for the sale of up to 900 tonnes per annum of NdPr oxide. The MoU also contemplates Tianhe Magnetics working with Arafura to develop further opportunities for long-term offtake of NdPr oxide or metal with third party end users.

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1 Information in relation to production targets 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 production target set out in the announcement released on 7 February 2019 continue to apply and have not materially changed.