

ASX RELEASE

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ENVIRONMENTAL IMPACT STATEMENT SUBMITTED FOR NOLANS PROJECT

Environmental approvals process advances to next key stage

Arafura Resources Limited (**ASX: ARU**, “Arafura” or the “Company”) is pleased to advise that the Environmental Impact Statement (“EIS”) for the Nolans Rare Earths Project has today been submitted to the Northern Territory Environment Protection Authority (“NTEPA”).

The lodgement represents a significant milestone in the Nolans Project’s environmental approvals process, and for the broader development and operation of the Project. It is the culmination of a detailed body of work that commenced at the Nolans site in 2006.

Arafura plans to mine, concentrate and chemically process rare earths at the Nolans site, located 135 kilometres north-northwest of the Central Australian regional centre of Alice Springs. Intermediate rare earth products produced at Nolans will be exported overseas either for direct sale or for final processing into high-value separated rare earth products (Figure 1), including a neodymium-praseodymium, or NdPr, oxide product that is a critical raw material input in the manufacture of ultra-strong permanent magnets used in Asian, European and North American industries.

The EIS has also been lodged with the Commonwealth Department of the Environment and is being assessed under a bilateral arrangement between the Northern Territory and Australian governments.

The EIS includes a comprehensive risk assessment and studies covering ground and surface water, biodiversity, Aboriginal and cultural heritage, socioeconomic impacts, transport, radiation, air quality, noise, rehabilitation and cumulative impacts.

Among the key findings of the EIS are:

- modelling of the groundwater aquifers discovered by Arafura in 2012 suggests negligible long-term impacts from the Nolans operation on the quality or availability of groundwater for pastoral or domestic use;
- radiation doses received by Arafura’s workers, or people living closest to the operation, from naturally occurring radioactive elements in the deposit is predicted to be negligible; and
- biodiversity studies found no evidence that the Project will result in a significant impact on the identified vulnerable animals in the region.

The Company is confident that all identified Project impacts and risks can be mitigated through careful management.

The EIS was prepared by GHD, one of the world’s leading environment and resources consulting groups. A number of specialist consultants were engaged to assist GHD in

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relation to cultural heritage, social impact evaluation, economic analysis, and radiation assessment and management.

The EIS will be available for public comment for a period of eight weeks, as mandated by the NTEPA in the EIS Terms of Reference (ASX: ARU 10/06/15). The assessment and approvals process will continue over the next few months (Figure 2), with regulatory approval for the Project targeted for the second half of CY2016.

Arafura's Managing Director Gavin Lockyer said lodging the EIS marked another important milestone in delivering the Nolans Project.

"We have engaged some of the industry's best people in the preparation of the EIS, and together with the team at Arafura, everyone has worked tirelessly to compile a comprehensive document.

"Arafura places great importance in gaining and maintaining its Social Licence to Operate and is committed to effectively managing the Nolans Project in a socially acceptable and environmentally responsible manner.

"The EIS has been prepared to a very high standard and addresses the full range of environmental, economic and social issues relating to our mining and processing operation.

"We look forward to completing the approvals process for the environmental component of the project, and continuing the approvals process for Native Title and groundwater extraction, both of which we expect to see finalised later this year."

The EIS can be accessed via the [NTEPA](#) and [Arafura](#) websites from early next week. A fourteen-page summary of the EIS is currently available on Arafura's website.

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Figure 1: Nolans Project Configuration
Northern Territory (Mine, Concentrator, RE Intermediate Plant) and offshore (RE Separation Plant)

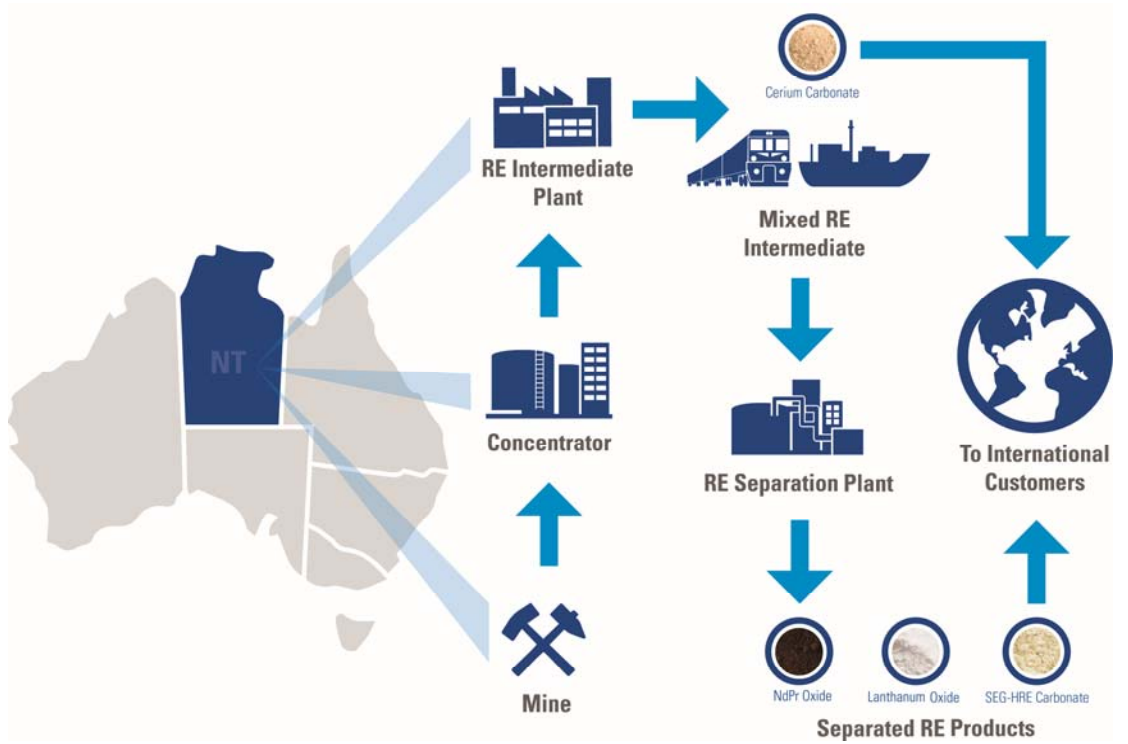
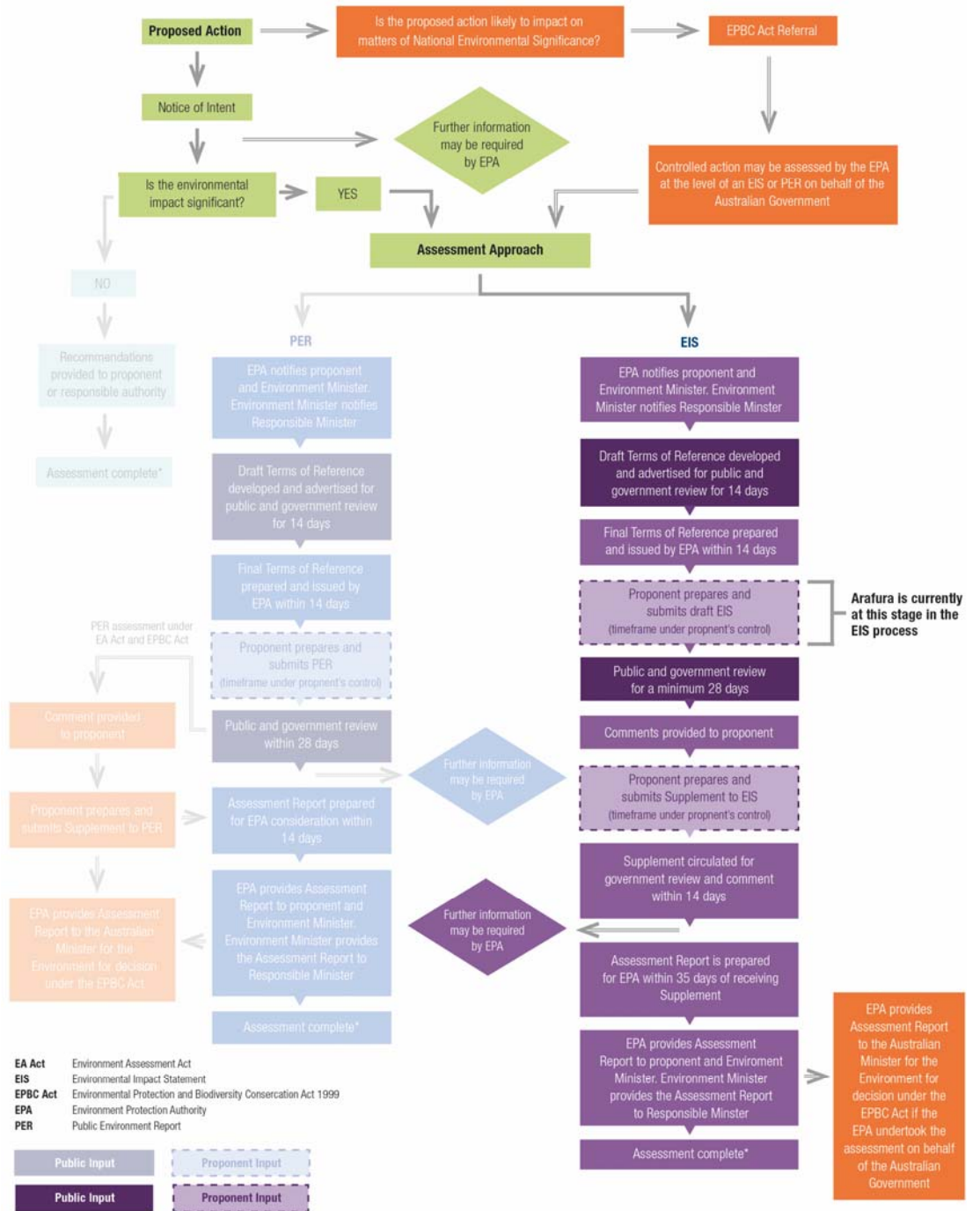


Figure 2: Northern Territory Environmental Impact Assessment Flowchart
(figure courtesy of the Northern Territory EPA)



*The decision in accordance with the EAAP (Environmental Assessment Administrative Procedures) is subject to clause 14A and 15 of the EAAP.