

## **ARAFURA APPOINTS SHENGHE SUBSIDIARY AS KEY CHINA CONSULTANT**

- **Arafura appoints SKN to facilitate the Chinese optimisation program and to assist with completing the Nolans Project definitive feasibility study**
- **SKN is a mineral investment and service company which is 90% owned by Shenghe Resources**
- **Important step in formalising arrangements to establish a long term strategic partnership between Shenghe and Arafura**



Australian rare earths company **Arafura Resources Limited (ASX: ARU)** ("**Arafura**" or the "**Company**") is pleased to report it has appointed Sheng Kang Ning (Shanghai) Mining Investment CO.,LTD ("**SKN**"), a China-based mineral investment and services company, registered in the Shanghai Free Trade Pilot Zone, to assist with the management of its Chinese optimisation program and the completion of the Nolans Rare Earths Project definitive feasibility study ("**DFS**"). SKN is a 90% owned subsidiary of Shenghe Resources Holdings Co. Ltd ("**Shenghe**").

In September 2013 Shenghe and Arafura entered into a MOU with the overall objective of accelerating the development of the Nolans Project (ASX: ARU 10/09/13). After the execution of the MOU, Arafura has actively progressed the optimisation of the Nolans Project with Shenghe's assistance. Shenghe is an industry leader in rare earths production and technology development, and is listed on the Shanghai Stock Exchange. Its operations include the third largest Chinese rare earths mine in Dechang County, Sichuan Province, a rare earths processing plant in Leshan City, Sichuan Province, and downstream catalysts, molecular sieve and polishing powder manufacturing plants. Shenghe markets specialty rare earth products to international and China-based customers.

Consistent with the development strategy of Shenghe, the business objectives of SKN are global mineral investment, project development, equity investment and management of mineral resources. Other activities include mineral and resources import and export and mineral resources project consultancy.

The services provided by SKN to Arafura include:

- Introduction of experienced and respected China-based organisations to complete testwork for the Nolans Project and other support services required in the completion of the DFS;
- Assist Arafura with its objectives to optimise the DFS for the Nolans Project;
- Strategic advice in relation to discussion and negotiations leading to the effective completion of DFS for the Nolans Project;

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- Facilitation of meetings with China-based organisations and assistance with the review of work, reports and other deliverables produced by China-based contractors and service providers; and
- Assistance with investigating and securing potential opportunities for investment and marketing for Arafura.

Arafura and Shenghe consider the appointment of SKN to be a crucial and important step in formalising arrangements to establish a long term strategic partnership between the parties.

A key aspect of the engagement is the strategic, technical and operational experience of SKN and Shenghe's board and executive management team, augmented by support from respected China-based research institutes. The SKN leadership team is proficient in the development and operation of rare earth processing facilities, with directorships in a number of rare earth production companies and is highly regarded within China and the international rare earths industry.

Arafura looks forward to working with Shenghe and its subsidiary on the optimisation program and the completion of the Nolans DFS.

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