

ASX RELEASE

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ASX: ARU



**AN EMERGING
RARE EARTHS
PRODUCER
FOR USERS
WORLDWIDE**

ARAFURA RECEIVES A\$1.8 MILLION TAX REFUND FOR R&D SPEND

- **Tax refund of A\$1.8 million received, increasing Arafura's total cash reserves to A\$9.8 million;**
- **Reinforces the Australian Government's strong support for the Nolans Project**

Australian rare earths company **Arafura Resources Limited (ASX: ARU)** ("**Arafura**" or the "**Company**") is pleased to advise it has received A\$1,753,013 as a tax refund for eligible research and development ("**R&D**") expenditure in relation to the development of its 100 percent-owned Nolans Rare Earths (Neodymium (Nd)) Project in the Northern Territory.

The R&D Tax Incentive program is jointly administered by the Australian Government's AusIndustry program delivery division and the Australian Taxation Office. It is a targeted program that helps businesses offset a portion of costs relating to eligible R&D activities and innovation.

The receipt of these funds brings the total cash receipts from the rebate incentive to A\$35.2 million.

The continued eligibility of the Nolans Nd Project for the R&D Tax Incentive program, together with the ongoing support of the Australian Government through the granting of Major Project Status to the Nolans Nd Project highlights the strategic and advanced nature (both commercially and in regulatory approvals), and the potential net economic benefit of the project to regional Australia.

"Neodymium is a critical component in super strong magnets which are essential for efficient operation of electric motors, a key enabler in the Electric and Hybrid vehicle industry," Arafura's Managing Director, Gavin Lockyer said. "There is no appropriate substitute for Nd in many applications and forecasts indicate a looming global shortage. Arafura will utilise these funds towards final feasibility activities in 2017, as it positions itself to become a key supplier into this growing market."

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