Arafura Resources' Nolans NdPr Project is financially and technically robust

Arafura Resources Limited's (ASX:ARU) Nolans Neodymium-Praseodymium (NdPr) Project in the Northern Territory is a financially and technically robust project able to support a long-life operation.

This has been established in a definitive feasibility study (DFS) described by the company's managing director Gavin Lockyer as "outstanding".

Next potential scale producer outside China

He said the DFS highlighted Nolans' status as the next potential scale producer of NdPr oxide outside China.

"The DFS confirms Nolans as an ultra-low-cost producer sitting in the industry's lowest cost quartile."
Investors responded positively with shares up more than 10% in early trading to 5.1 cents.

Expert consultants were utilised in all significant aspects of the DFS including estimating ore reserves, capital costs and operating costs.

It delivers a technically strong and cost-competitive project forecast to generate an average of $377 million EBITDA per annum over a 23-year mine life.

**Leveraged to NdPr prices**

The DFS is highly leveraged to NdPr prices and every US$5 per kilogram increase in the NdPr oxide price increases NPV10 by A$130 million.
Lockyer said: “We are particularly pleased to note that forecast average annual production of NdPr oxide of 4,357 tonnes is 21% higher than previously expected.

“This positions Nolans as the world’s most significant long-term NdPr development projects in a premier mining jurisdiction,” Lockyer said.

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The project will encompass a mine, process plant and related infrastructure to be constructed and located at the Nolans site.

Nolans is underpinned by a low-risk mineral resource that has the potential to supply a significant proportion of the world's NdPr demand.

A reserve of 19.2 million tonnes at 3.0% total rare earth oxide (TREO) and 13% phosphate was used in the DFS with an NdPr enrichment factor of 26.4%.
The DFS confirms Nolans as a globally significant and strategic NdPr project which, once developed, will become a major supplier of these critical raw materials to the high-performance permanent magnet market.

NdPr-based Neodymium Iron Boron (NdFeB) magnets are a primary enabler of the clean energy industry which is currently reliant on a few, predominately Chinese, suppliers of NdPr oxide.

In 2018 China produced around 80% of global NdPr supply and is estimated to account for 85% of consumption.

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The project's scale is expected to deliver significant economic and social benefits over many decades to central and northern Australia.

Peak construction workforce is estimated at 650, with a steady state operations
workforce of 280.

Having confirmed the technical and economic viability of the Nolans project through the DFS, the company intends to progress the project towards project commitment by the board in 2019.

“Along with having secured environmental approvals, delivery of the DFS adds to the platform from which the company can now complete the remaining milestones for Nolans - binding offtake, permitting and project finance - ahead of a targeted construction start in 2020 and commissioning in 2022,” the managing director added.
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