

## **MEMORANDUM OF UNDERSTANDING EXECUTED BETWEEN ARAFURA AND A MAJOR KOREAN GROUP**

Australian Rare Earths company **Arafura Resources Limited (ASX: ARU) (Arafura or the Company)** is pleased to announce it has executed a non-binding Memorandum of Understanding (**MOU**) with a major Korean multinational organisation (**the Group**) to cooperate on long-term business arrangements in Rare Earths in Australia and Korea.

The MOU aims to formalise:

- a sale and purchase agreement for Rare Earth products from the Nolans Project;
- co-development of Rare Earth separation facilities in Australia and Korea;
- cooperative efforts to share technology and organisational capacity; and
- funding arrangements to bring the Nolans Project to production.

Commenting on the signing of the MOU, Arafura Chairman Mr. Ian Kowalick said, "Today's development is a very important endorsement of Arafura and the Nolans Project. Execution of an MOU with this key strategic customer confirms both parties' intention to work together to develop a strong, long-term relationship in Rare Earths."

Arafura recently hosted meetings with executives of the Group and its subsidiaries at its Rare Earths demonstration facilities at the Australian Nuclear Science and Technology Organisation (ANSTO) near Sydney, and at the Nolans Bore site in the Northern Territory.

Following the announcement of the successful production of separated Rare Earth Oxide products (ARU: ASX 17/01/12), Arafura has provided the Group with product samples for evaluation purposes. The companies have now agreed to more formally pursue contractual arrangements under the MOU.

A potential commercial agreement may account for minimum sales of 3,000 tonnes per annum of Rare Earth products from the Nolans Project.

The parties have also agreed to explore Korean financing options to assist in the development of the Nolans Project.

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Mr. Kowalick added, "This highly successful Group brings substantial experience in major construction projects, and its associated organisations have vast exposure to both the chemicals industry and Rare Earth end users in a key, globally significant market in Asia. Furthermore, the Group has agreed to work with Arafura to pursue project funding which will be a key component of our overall Project Financing plan."

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