



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

## **ARAFURA RECEIVES \$22.5 MILLION TAX REFUND FOR R&D SPEND**

- **Tax refund of A\$22.5 million received directly by the Company;**
- **Reinforces the Australian Government's strong support for the Nolans Project; and**
- **Further strengthens Arafura's financial position with tax refund plus expected approval for A\$9.9 million placement.**

Australian Rare Earths company **Arafura Resources Limited (ASX: ARU)** ("**Arafura**" or the "**Company**") is pleased to advise it has received A\$22,537,747 as a tax refund for eligible research and development ("**R&D**") expenditure in relation to the development of the Nolans Rare Earths Project in the Northern Territory and South Australia.

The R&D Tax Incentive is a targeted program that helps businesses offset a portion of costs relating to eligible R&D activities and innovation. It aims to:

- Boost competitiveness and improve productivity across the Australian economy;
- Encourage industry to conduct R&D activities that may not otherwise have been conducted;
- Provide businesses with more predictable, less complex support; and
- Improve the incentive for smaller firms to engage in R&D.

The R&D Incentive is jointly administered by AusIndustry (on behalf of Innovation Australia) and the Australian Taxation Office. AusIndustry is a specialist program delivery division within the Australian Government's Department of Industry, Innovation, Science, Research and Tertiary Education.

Unique aspects of Arafura's rare earths extraction process, which have been developed over a number of years, continue to be eligible. In 2006, Arafura received an A\$3.3 million AusIndustry Commercial Ready Grant and since then, eligible R&D expenditure has been carried forward as potential future tax offsets. In 2010 the Australian Government changed the R&D Incentive program to the current scheme.

Arafura's Managing Director, Chris Tonkin said, "We appreciate the Australian Government's long-term support for businesses such as ours, particularly in the current uncertain equity market conditions which present difficulties for raising capital. This funding, together with the A\$9.9 million from our largest shareholder, ECE, expected to be received subject to shareholder and Foreign Investment Review Board approvals in the coming days, places Arafura in a sound financial position to complete its work programs and develop the Nolans Project.

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Rare earths are a global strategic asset which Australia's key trading partners require for their domestic industries. Support of this kind is of great assistance to projects such as ours."

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