

Arafura Resources

NdPr Magnets – Critical Materials for Clean Energy

Future Energy and Finance Asia
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ARAFURA
RESOURCES LIMITED

ABN 22 080 933 455



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The information in this presentation that relates to Exploration Results or Mineral Resources is based on information compiled by Mr Kelvin Hussey BSc (Hons). Mr Hussey is a Member of the Australian Institute of Geoscientists and he has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code)". Mr Hussey consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.

Mr Hussey is a full-time employee of Arafura Resources.



Company Snapshot



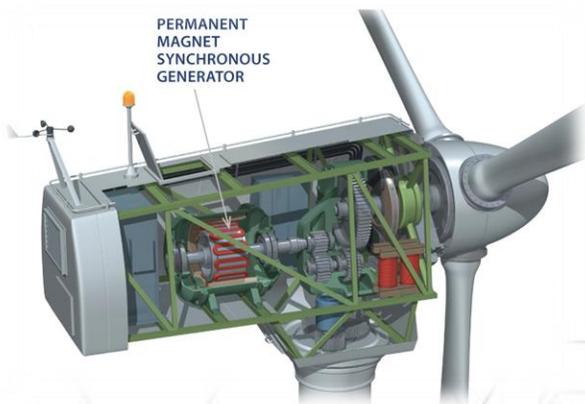
- ▲ ASX listed company developing the **Nolans Rare Earths Project** in Australia
- ▲ Focus on **strong growth, high value** magnet-feed rare earths (REs)
- ▲ Currently finalising feasibility studies
- ▲ Afforded **major project status** by Northern Territory and Australian governments
- ▲ Nolans will be **one of the world's largest** suppliers into this market



Secure Supplier of Magnet-Feed Rare Earths



- ▲ One of the world's largest resources of Neodymium (Nd) and Praseodymium (Pr)
- ▲ Critical for production of RE Magnets. Critical elements to lower carbon emissions.
- ▲ Secure supply from long-life resource in low sovereign risk location
- ▲ Clear chain of custody of product from mine to market
- ▲ Well defined, existing regulatory process for rehabilitation and hazardous waste management

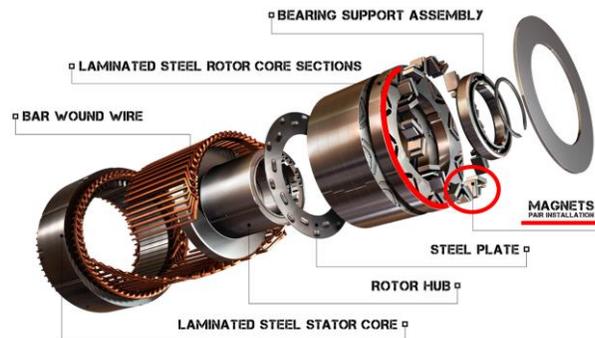


Up to 150kg of NdPr
per MW



Arafura Resources Limited (ASX: ARU)

1kg of NdPr



41 million by 2040
each
containing 1.7kg of NdPr

Market Update



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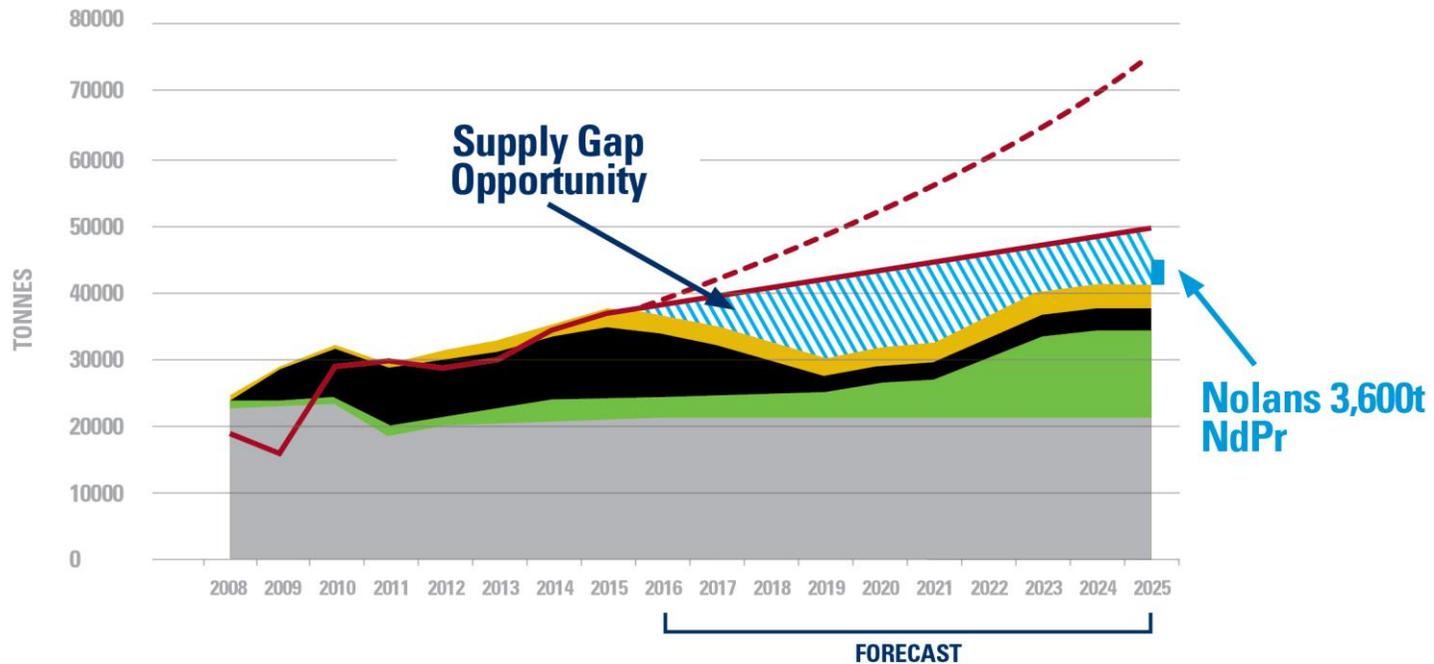


The NdPr Opportunity



NdPr Oxide Supply & Demand

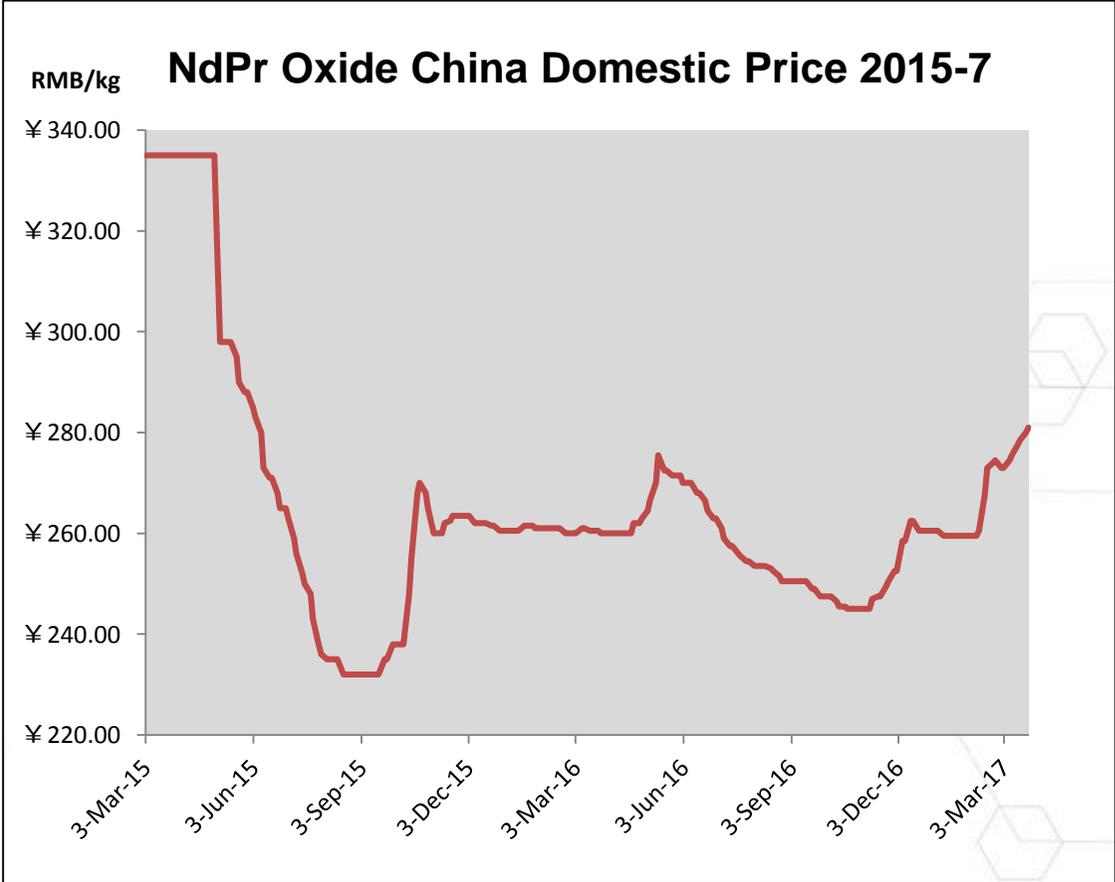
- Recycling
- Rest of World Supply (includes Nolans)
- Global Demand (CAGR 3% from 2015)
- Illegal Trade
- China Supply
- - - Forecast Global Demand (CAGR 7.5%)



NdPr Supply Dynamics



- ▲ China's consolidation to the "big 6" producers in 2015 is starting to positively impact price
- ▲ Enforcement of illegal and polluting mines and smelting
- ▲ Chinese rehabilitation costs yet to be realized
- ▲ Introduction of a raw material tracing system (chain of custody)



Source: MetalPages (An Argus Media company)

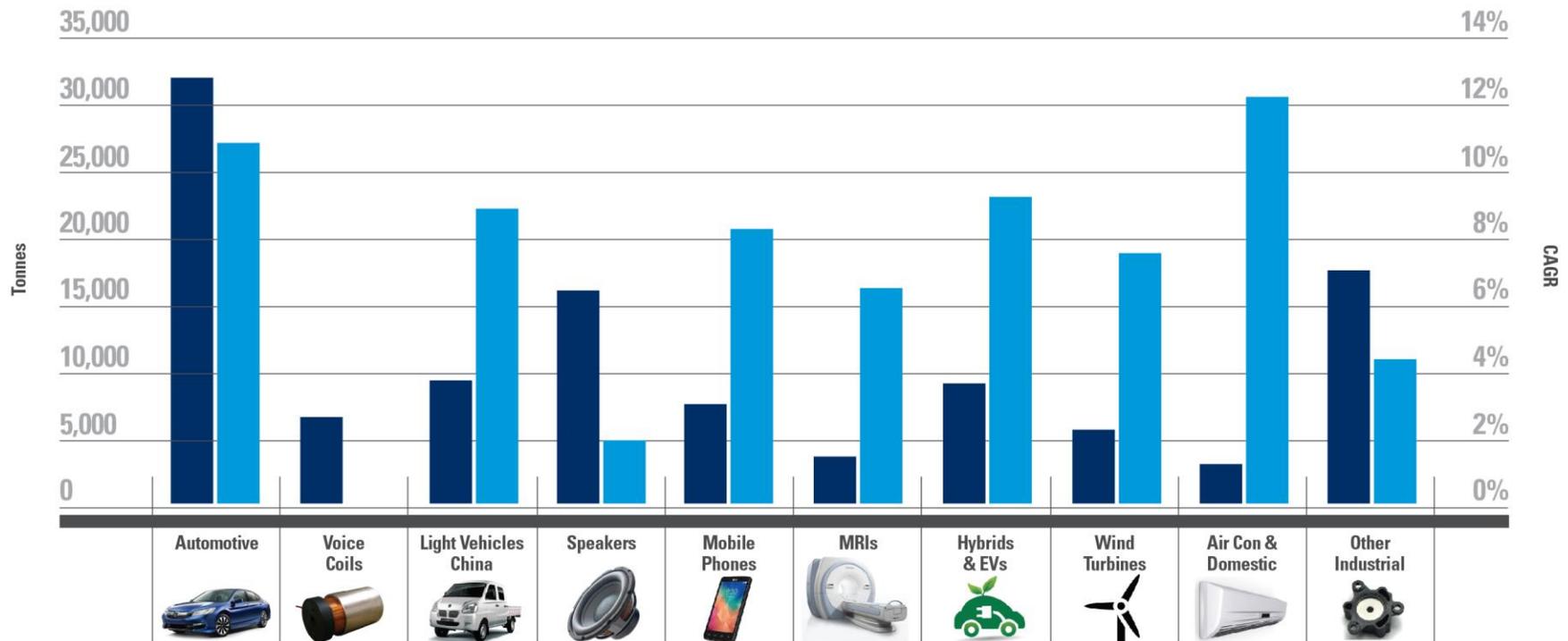


Current and Forecast Magnet Growth



NdPr Magnet Volume & Forecast Growth

■ NdPr Magnet Tonnes 2014
■ Forecast CAGR%



▲ Established magnet market demand steady

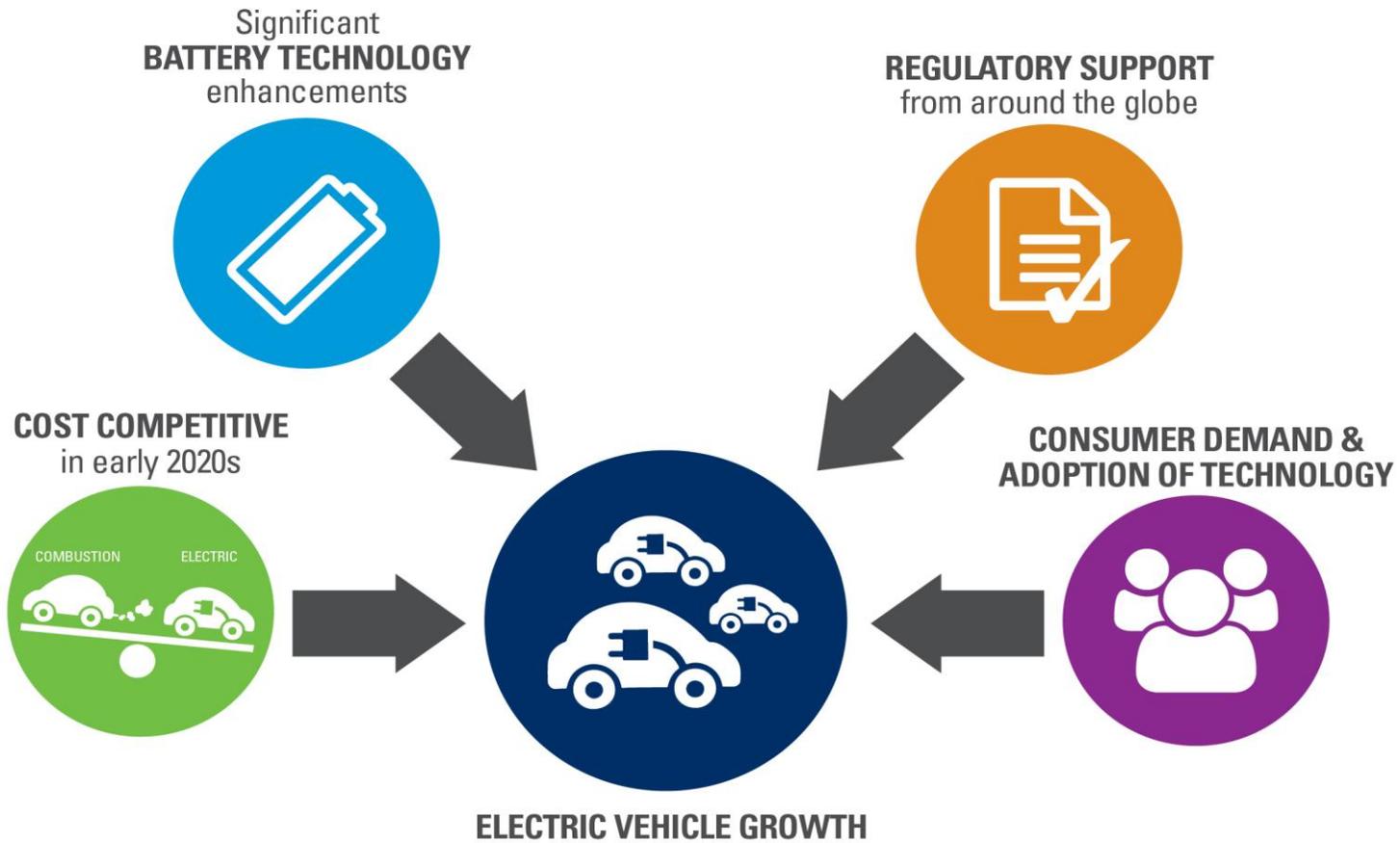
▲ Magnet growth being driven by clean technologies



Arafura Resources Limited (ASX: ARU)

Source: Adamus Intelligence, Arnold Magnetic Technologies, Japanese industry participants, Roskill

EV Growth Enablers



EV Automakers Focus PMSM = NdPr Magnets



MANUFACTURER	PMSM	AACIM	NOTES
AUDI	✓		25% of US sales from EVs by 2025
BMW	✓		EV range to extend to Series 3 and X4 for next generation of models
BYD	✓		World's largest manufacturer of EVs
FORD	✓		40% EVs by 2020
GENERAL MOTORS	✓	✓	Alliance with Lyft to create an integrated network of on-demand autonomous vehicles. China accounts for one-third of GM's total production
HONDA	✓		Targeted two-thirds of sales by 2020. Honda Daido Steel heavy Dy free magnets
HYUNDAI	✓		26 hybrid, plug-in, fuel cell and EV models by 2020
MITSUBISHI	✓		Electric powered SUVs
NISSAN/RENAULT	✓		10% EVs by 2020
TESLA		✓	Independent manufacturer – disruptive technology?
TOYOTA	✓		Gasoline to hydrogen fuel by 2050
VOLKSWAGON	✓		25% EVs by 2025

PMSM = Permanent Magnet Synchronous Motor
AACIM = Asynchronous AC Induction Motor

Value Proposition



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Nolans Value Proposition



- ▲ One of the world's largest resources of NdPr in a low sovereign risk location
- ▲ Established and responsible regulatory environment
- ▲ Environmental approvals expected 2017
- ▲ 20+ year mine life can provide a stable, secure, clearly defined supply of critical raw materials for a low emissions economy

Contact:

Level 3, 263 Adelaide Terrace

Perth WA 6000 Australia

T: +61 8 6210 7666

E: arafura@arultd.com



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