

# ASX Announcement

## Monthly NdPr Price Update

29 August 2018

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**Arafura Resources Limited (ASX: ARU) (Arafura)** is pleased to provide an update on neodymium-praseodymium (NdPr) rare earth prices.

In a generally directionless market characterised by thin trading during July-August, the NdPr oxide price traded between US\$49.98/kg and US\$47.00 before closing today at US\$47.50/kg.

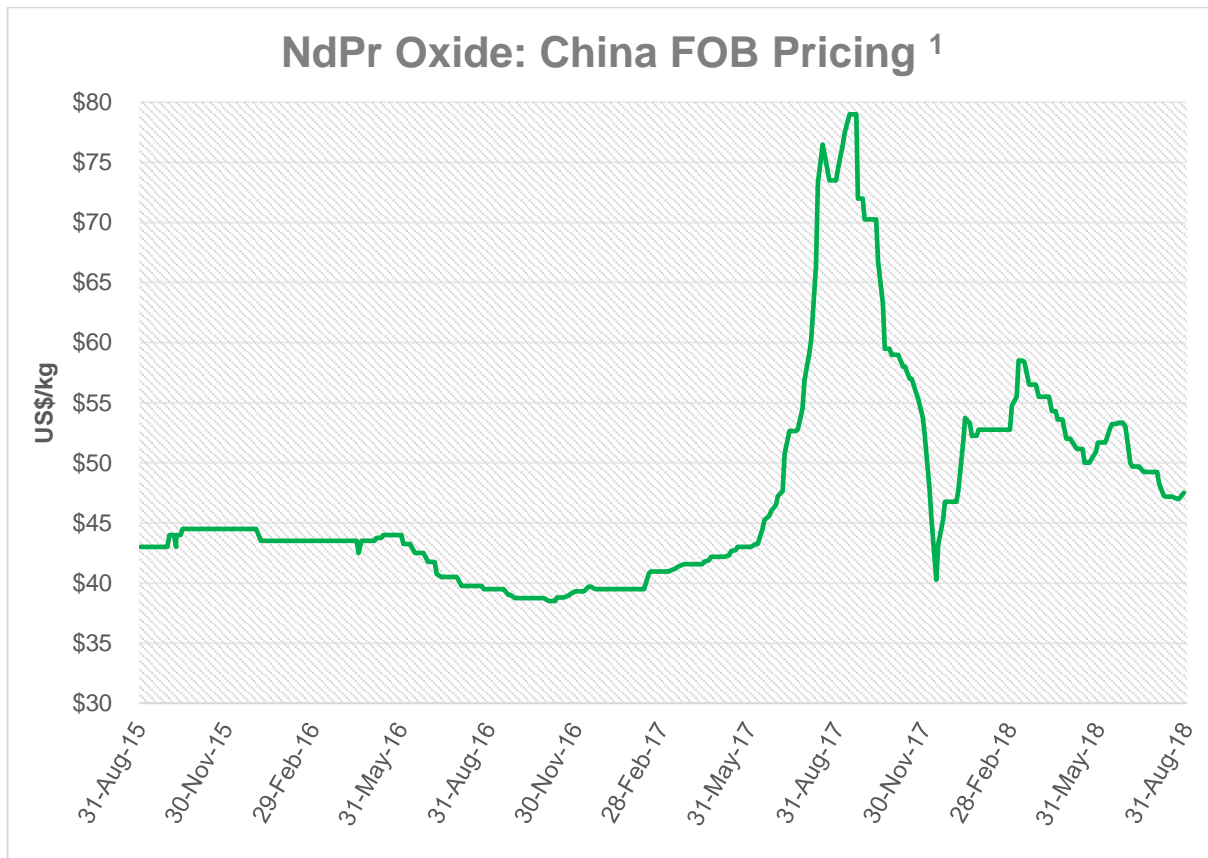
U.S. legislators passed the *John S. McCain National Defense Authorization Act* into law on 13 August, as part of a wider initiative by the U.S. to reduce its reliance on foreign-sourced critical minerals and materials. Section 871 of this bill prevents the purchase of rare earth (NdFeB and SmCo) magnets from prohibited countries, including China, by the Department of Defense. This move is widely regarded as a significant boost for magnet producers outside China and advanced-stage NdPr development companies, with the potential to support higher NdPr prices as the market adjusts to a possible shortfall in sanctioned magnet production.

Shanghai Metals Market reported that prices of several rare earth products, including NdPr oxide, started to pick up in late-August driven by downstream purchases as the traditional high season began, with this and high raw material costs expected to continue to buoy prices in the short term. However, market participants cautioned that prices may lack strong upward momentum in the medium-term as overall downstream demand was likely to fall.

NdPr is the main product Arafura anticipates producing from its 100%-owned Nolans project which in recent months received final environmental approval from both the Northern Territory and Australian governments. The NdPr price is the key driver of Nolans project economics.



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About NdPr

NdPr is in short supply globally and is the critical raw material in the manufacture of ultra-strong, high-performance NdFeB permanent magnets, which are used extensively in the automotive industry for electric components such as seats, mirrors, wipers, steering and braking.

Importantly, the compound has also emerged as a key enabler of hybrid and electric vehicles as high-performance magnets play a key role in electric traction motors. While traditional petrol or diesel combustion engine motor vehicles each use approximately 0.7 kilograms of NdPr oxide, electric or hybrid vehicles require an additional 1 kilogram.

The increasing shift towards hybrid and electric drivetrain technologies among the world’s leading automotive manufacturers is expected to continue to positively influence market fundamentals for NdPr.

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<sup>1</sup> Market price information sourced from Argus Media, Shanghai Metals Market, and NdPr market participants.