

CENTRAL AUSTRALIA REGIONAL MINING SEMINAR

March 2014



ARAFURA
RESOURCES LIMITED

ABN 22 080 933 455



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



Mr Gavin Lockyer

Managing Director



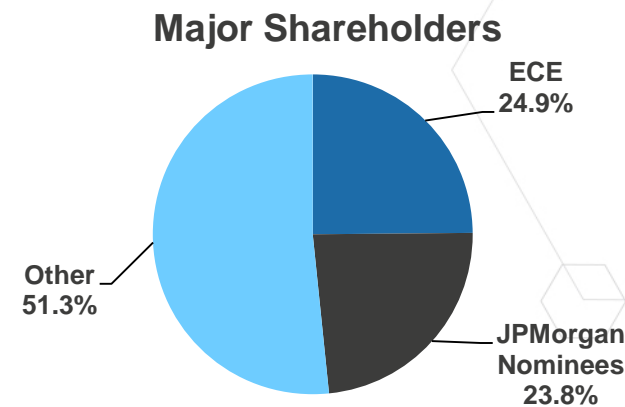
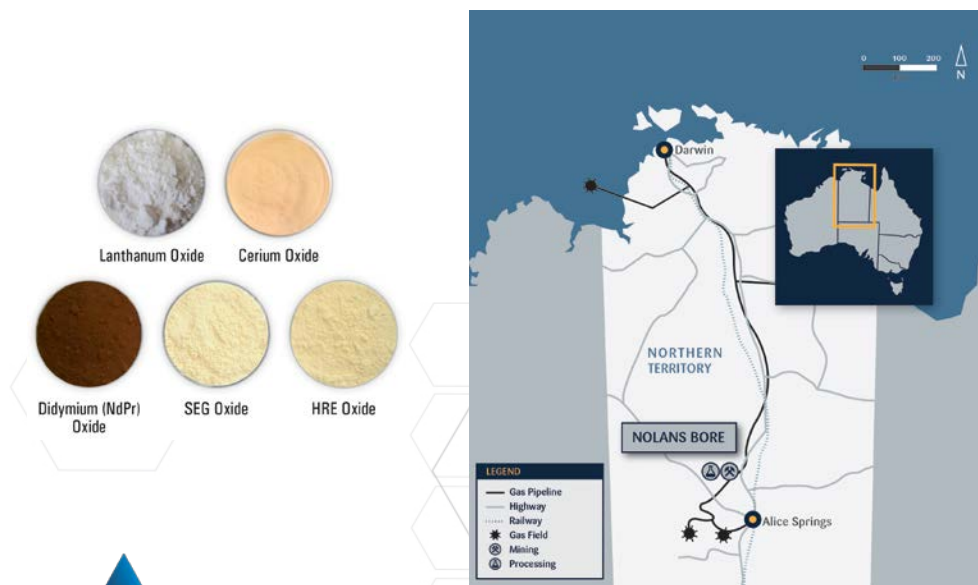
Arafura Resources Limited (ASX: ARU)

COMPANY SNAPSHOT



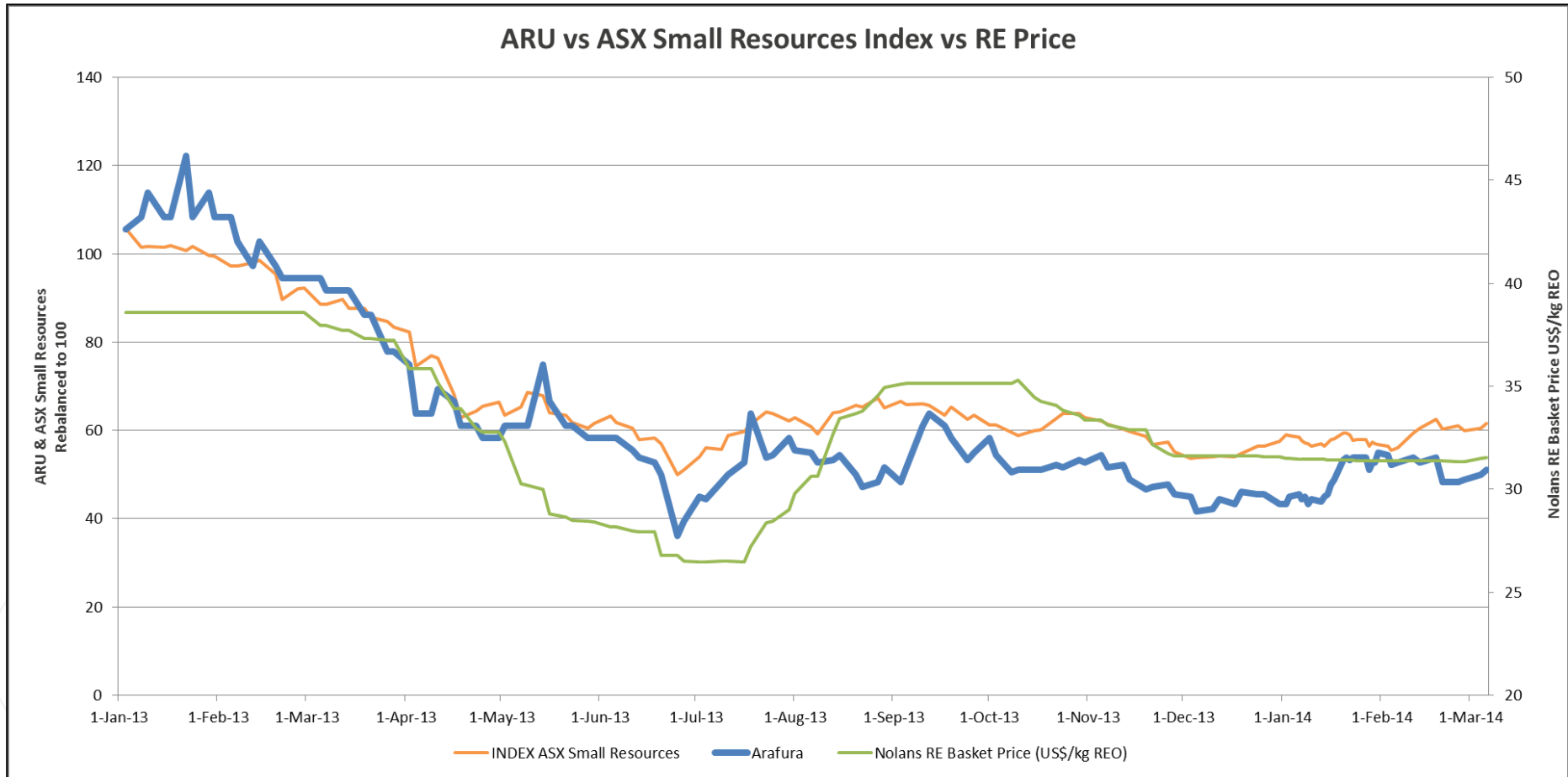
- ▲ Arafura is an Australian company developing a major rare earths project in the Northern Territory – **the Nolans Project**
- ▲ Territory focus since late-1990s
- ▲ Offices in Aileron, Darwin and Perth

ASX Code	ARU
Shares on offer	441.3 million
Options	11.5 million
Market Cap @ 9c	A\$39.7 million
1-year range	6.0 – 17.0 cents
Cash at 31/12/13	A\$25.9 million
Debt	nil



Arafura Resources Limited (ASX: ARU)

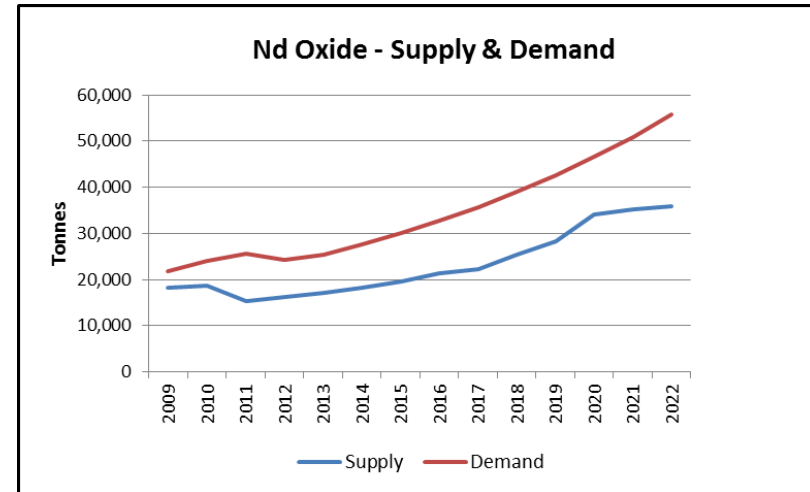
SHARE PRICE IMPACTED BY GLOBAL MARKETS & RARE EARTH PRICES



OPTIMISTIC OUTLOOK FOR RARE EARTHS



Market Segment	Driver	Arafura's RE Product	Market Share by Value	Demand Growth ¹
Magnets	HEVs, Wind Energy	NdPr	62%	10%
Metal Alloys	Various	HRE	8%	6%
Phosphors	Electronics, Lighting	SEG	8%	4%
Polishing & Glass	Optics, UV Filtering	Ce	7%	4%
Ceramics	Electronics	HRE	5%	5%
Batteries	HEVs, Electronics	La	5%	7%
Catalysts	Emissions Controls, Oil Refining	La	4%	5%
TOTAL			100% ²	6-7%



- ▲ Nolans has the **highest NdPr** content of any rare earths project currently under development across the globe
- ▲ The Territory could become **the next major rare earths processing hub** outside China processing nearly 10% of the world's supply

¹ 2014-2020
² Numbers may not compute exactly due to rounding



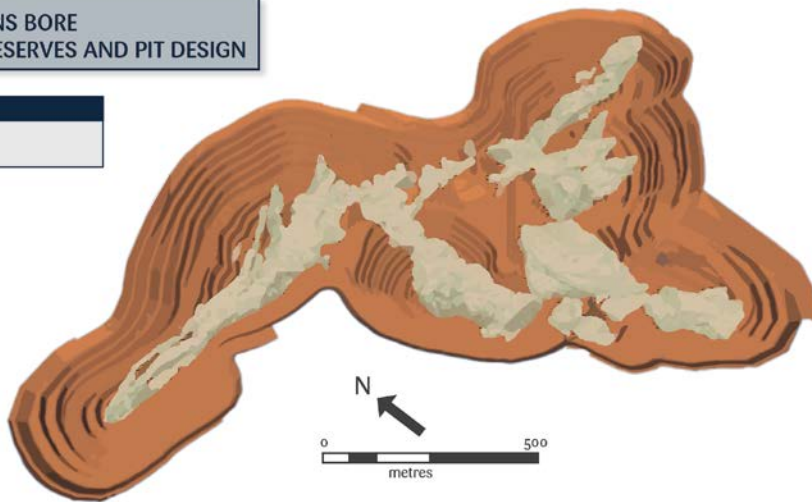
NOLANS ORE RESERVES



Reserves	Tonnes (million)	Rare Earths % REO	Tonnes REO	Phosphate % P ₂ O ₅	Uranium % U ₃ O ₈
Probable	24	2.8	672,000	12	0.02

NOLANS BORE ORE RESERVES AND PIT DESIGN

LEGEND
Ore



- ▲ Ore Reserves support a **22-year mine life**
- ▲ Amenable to **low-cost open cut** mining & standard beneficiation techniques
- ▲ **95% conversion rate** from Mineral Resources
- ▲ Significant **Reserves upside** – potential to upgrade & convert 21Mt of Inferred Resources
- ▲ **Few rare earth projects have Ore Reserves**
- ▲ **Low resource risk** – extensive drilling & detailed material type studies
- ▲ Mineralisation **at surface & remains open at depths** below 220m



KEY ELEMENTS TO ACHIEVING NOLANS COMMERCIALISATION



- ▲ Introductions by Shenghe Resources
- ▲ Offshore procurement
- ▲ Other strategic relationships

**2014-2016
Engineering
and
Construction**

**2014
Financing**

- ▲ Financing linked to off-take
- ▲ Sovereign debt facilities
- ▲ Relationships with ECE, Shenghe Resources & ThyssenKrupp

**2014
Project
Optimisation**

- ▲ Chinese technical optimisation program well underway to boost project economics

**Commercialising
the Nolans
Project**

**2014
Off-take
Agreements**

- ▲ MOU with Shenghe Resources
- ▲ LOI with ThyssenKrupp
- ▲ LOI with South Korean multinational

PROJECT OPTIMISATION – CAPITAL & OPERATING COSTS

2014
Project
Optimisation



	Base Case August 2012 (A\$)	December 2013 (A\$)	Savings (A\$)
CAPEX	\$1,912 million	\$1,504 million	\$408 million
OPEX	\$20.55/kg REO	\$17.10/kg REO	\$3.45/kg REO

Savings targeted through:

- ▲ Material improvements in and simplification of the process configuration
- ▲ Relocation of the RE Intermediate Plant from SA to the NT
- ▲ Relocation of the RE Separation Plant from Australia to a mature offshore chemical precinct

These savings **exclude** the impact of potential improvements arising from the ongoing Chinese optimisation program.

FINANCING & OFFTAKE PARTNERS

2014
Financing &
Off-take
Agreements



▲ **ECE (East China Mineral Exploration & Development Bureau)**

Major shareholder (24.86%) & long-term strategic partner for Arafura (since 2009)

▲ **Shenghe Resources Holding Co.** (Shanghai Stock Exchange-listed)

MOU executed. Scheduled technical reviews, access to rare earths experts, supply chain exposure & co-funding opportunities (currently allocated 4.5% of Chinese rare earths export quota)

▲ **Chinese Rare Earth experts**

Undertaking Technical Optimisation Program, provide RE due diligence expertise for financiers

▲ **ThyssenKrupp and South Korean multinational**

LOIs signed. Potential off-takers. Assisting commercialisation through German & Korean Government Debt Schemes

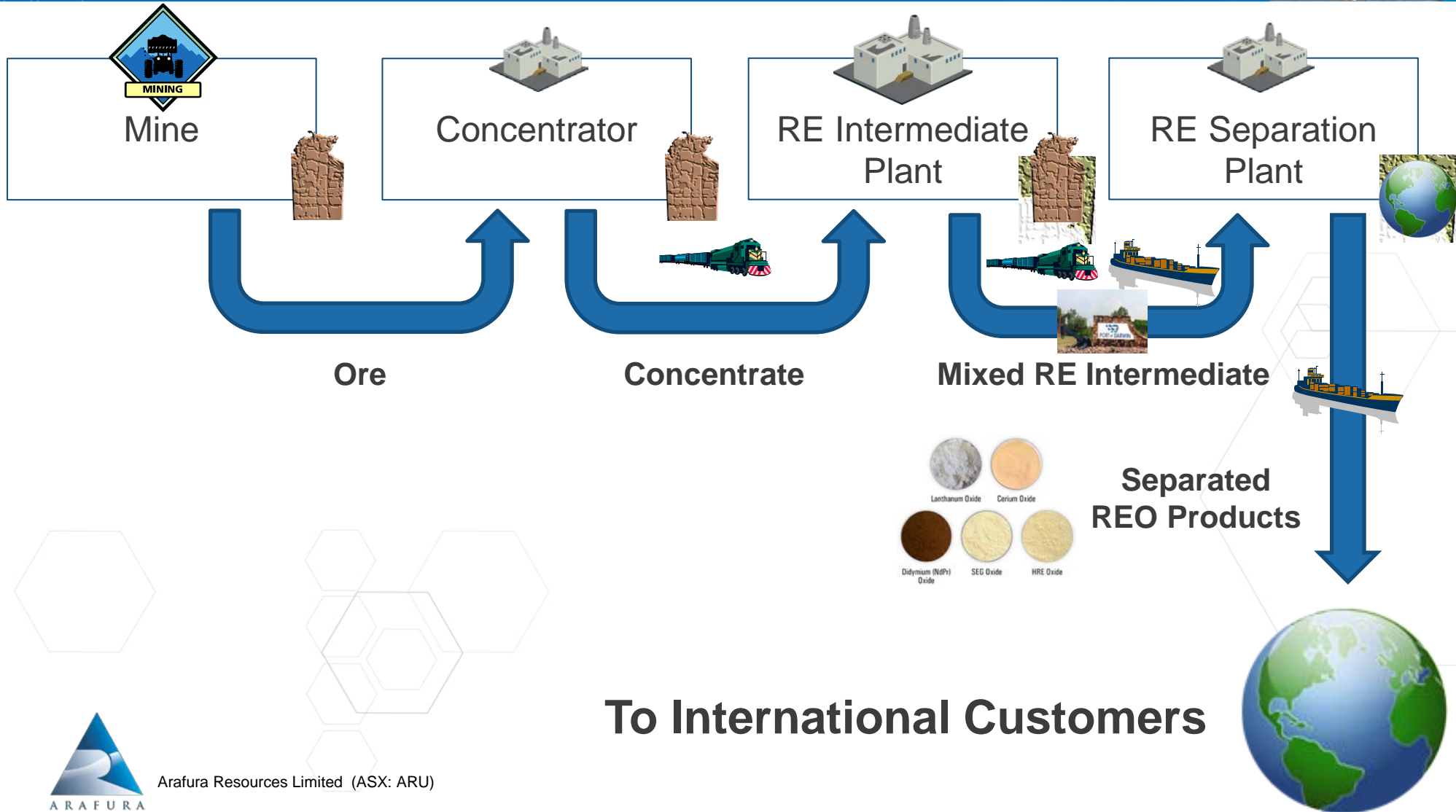




Mr Brian Fowler
General Manager
Northern Territory & Sustainability



NOLANS – A RARE OPPORTUNITY FOR THE TERRITORY



Arafura Resources Limited (ASX: ARU)

To International Customers

WHAT'S CHANGED ?



▲ **Scope and scale of the Nolans Project in Central Australia:**

- Mine and Concentrator at Nolans Bore
- RE Intermediate Plant ~8-10km south of the mine, comprising significant chemical processing infrastructure
- Rail transport of mixed rare earths intermediate product to Port of Darwin for export to offshore refinery
- Logistics facility in Central Australia to manage project supply requirements

▲ **Significantly increased employment opportunities**

▲ **Significantly enhanced local business opportunities** to support the project – camp, logistics, local supply and service, port and rail facilities, etc.

▲ Focus on **regional infrastructure synergies** appears to be gaining momentum

▲ Scope and scale of approval process will expand

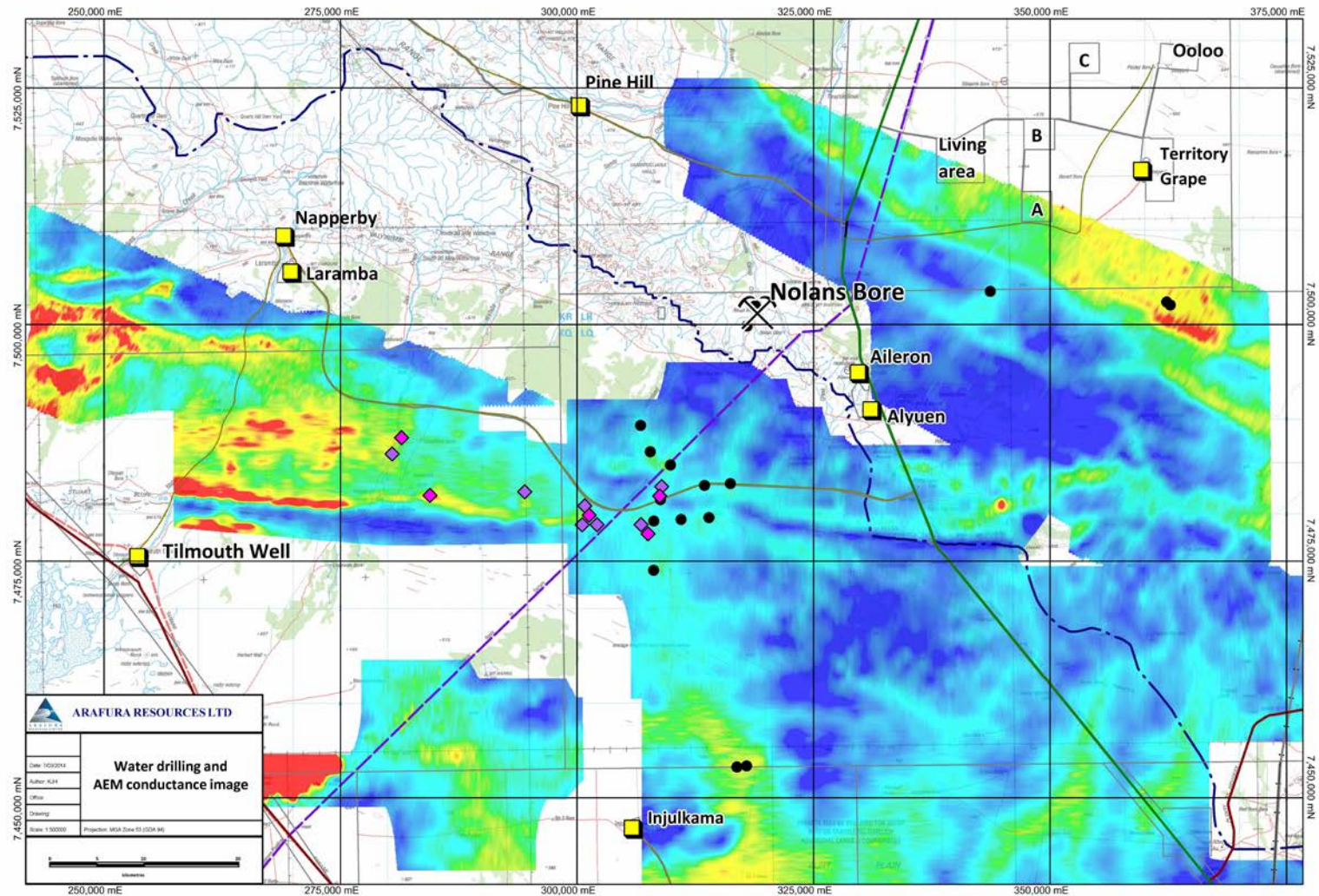


WHAT ARE WE DOING NOW?



- ▲ Undertaking **process optimisation work in China** to further simplify the process configuration – aiming to reduce CAPEX and OPEX
- ▲ Undertaking a **significant exploration and investigation water bore drilling program** in the Northern Burt Basin – aimed at determining the basin’s capability as a stand-alone sustainable supply of water to the reconfigured Nolans Project
- ▲ Planning for an **expanded EIS approval process** that now includes the RE Intermediate Plant and supporting infrastructure
- ▲ Ongoing environmental monitoring
- ▲ Ongoing exploration for rare earths and JVs for other commodities
- ▲ Ongoing liaison with all stakeholders, including strategic partners

INVESTIGATING A SUSTAINABLE WATER SUPPLY FROM THE NORTHERN BURT BASIN



OUTLOOK & NEXT STEPS



- ▲ **Demand for rare earths remains strong** – forecast annual growth of 6-7%, driven by growth in clean technology (magnets) and technology innovation
- ▲ Focus for Arafura going forward will remain on:
 - **Realising further Nolans Project cost reductions** by improving our technical process efficiencies
 - Building and **formalising strategic partnerships** for funding, off-take and technical opportunities
 - Managing our cash position against continuing backdrop of tight capital markets
- ▲ **Nolans Project Information Memorandum in H1 2014**
- ▲ **Arafura positioned to become the next major rare earths producer**



THANK YOU
Questions?



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