Arafura Resources Limited
Australia China Minerals Investment Summit
21-23 May 2013, Darwin
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Mr Brescianini is a full-time employee of Arafura Resources.
Arafura Resources

Australian company developing a major Rare Earths project – the Nolans Project

World class resource located in the Northern Territory, Australia

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASX Code</strong></td>
<td>ARU</td>
</tr>
<tr>
<td><strong>Shares on offer</strong></td>
<td>441.3 million</td>
</tr>
<tr>
<td><strong>Options</strong></td>
<td>11.5 million</td>
</tr>
<tr>
<td><strong>Market Cap @ 11c</strong></td>
<td>A$48.5 million</td>
</tr>
<tr>
<td><strong>1-year range</strong></td>
<td>10.0 – 29.5 cents</td>
</tr>
<tr>
<td><strong>Cash at 31/03/13</strong></td>
<td>A$36.3 million</td>
</tr>
<tr>
<td><strong>Debt</strong></td>
<td>nil</td>
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</table>

Major Shareholders

- **ECE**: 24.9%
- **JP Morgan Nominees**: 23.8%
- **Other**: 51.3%
Exploration Portfolio

Mt Porter
- Gold – Ark Mines farm-in

Aileron-Reynolds
- REEs
- Iron – Ferrowest farm-in

Jervois
- Base & Precious Metals – Rox Resources farm-in
  - Iron-Vanadium

Kurinelli
- Gold

Hammer Hill
- Base Metals
Nolans Project Highlights

- Nolans Project – **world scale and well advanced**
- Can supply **10% of global rare earths products** this decade
- JORC Ore Reserve established
- Five REO products separated to 99% purity
- Project **Base Case announced** in August 2012
- Project Initiatives underway to significantly **reduce capital costs and optimise** project economics
- Chinese expertise leveraged through strategic partnership
- Committed **Board and Management** team
## Nolans Bore Mineral Resources (June 2012)

### Resources

<table>
<thead>
<tr>
<th>Resources</th>
<th>Tonnes (million)</th>
<th>Rare Earths % REO</th>
<th>Tonnes REO</th>
<th>Phosphate % P$_2$O$_5$</th>
<th>Uranium % U$_3$O$_8$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measured</td>
<td>4.3</td>
<td>3.3</td>
<td>144,000</td>
<td>13</td>
<td>0.03</td>
</tr>
<tr>
<td>Indicated</td>
<td>21</td>
<td>2.6</td>
<td>563,000</td>
<td>12</td>
<td>0.02</td>
</tr>
<tr>
<td>Inferred</td>
<td>22</td>
<td>2.4</td>
<td>511,000</td>
<td>10</td>
<td>0.02</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>47</strong></td>
<td><strong>2.6</strong></td>
<td><strong>1,217,000</strong></td>
<td><strong>11</strong></td>
<td><strong>0.02</strong></td>
</tr>
</tbody>
</table>

1% REO cut-off grade

- **Minimal resource risk** – approximately 90 km drilling
- Mineral resource **remains open at depths** below 220 m
- Amenable to low cost open cut mining and milling
- Standard beneficiation techniques
Nolans Bore Ore Reserves (December 2012)

<table>
<thead>
<tr>
<th>Reserves</th>
<th>Tonnes (million)</th>
<th>Rare Earths % REO</th>
<th>Tonnes REO</th>
<th>Phosphate % P$_2$O$_5$</th>
<th>Uranium % U$_3$O$_8$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Probable</td>
<td>24</td>
<td>2.8</td>
<td>672,000</td>
<td>12</td>
<td>0.02</td>
</tr>
</tbody>
</table>

- 95% of Measured and Indicated Resources converted to Ore Reserves
- Independently prepared Ore Reserve for Nolans Bore to support a **22 year mine life**
- **Inferred Resources of 21 Mt** available for potential future conversion to Ore Reserves
A major supplier of ‘Critical Rare Earths’


*Rare earth prices as at 28/3/13
Market Conditions Impact Project Base Case

Nolans Project Base Case:
- Established in August 2012
- Project economics over 20 years
- NPV of A$4.3 billion (10% discount rate)
- IRR of 30% (after tax & capital payback)
- Capital payback within 4 yrs of operation
- Capital cost A$1.9 billion

Since Base Case established:
- Rare earth prices have fallen further
- Upward pressures on costs
- Depressed financial markets impact funding options
- Capital costs for the project under current market conditions are too high

Project Initiatives underway to materially reduce costs and enhance economics of the Nolans Project
Cost Reductions of up to A$1 billion targeted

Arafura is actively pursuing initiatives to:

- Identify and apply process flow sheet improvements and design efficiencies
- Improve and optimise the Project’s configuration and logistics
- Substantially reduce capital and operating costs

→ Immediate savings can be achieved by relocating Intermediate Chemical Processing from Whyalla to the Northern Territory, close to the Nolans Bore Mine site

→ Material savings from relocation – $160 million in capital costs and $1.60/kg of REO in operating costs; additional transport, logistics and environmental benefits

→ Further savings and cost reductions expected from Trade-Off Study initiatives and Optimisation Program with Chinese experts

→ Arafura is targeting total capital cost reductions of between A$500 million and A$1 billion
ECE and Optimisation Program

- ECE is a strategic and important partner for Arafura
- Long-term and supportive relationship with Arafura since 2009. Equity increased to 24.86% via SPP (A$10 million) in 2012
- Project Review and Optimisation Program underway with Chinese rare earth experts (via ECE introductions) to identify synergies and further optimisation of the Project

Importance to and advantage for Arafura:

- Access to Chinese rare earth industrial experience and expertise
- Access to Chinese technology and resources
- Strategic, technical and financial support
Prospective elimination of previously announced funding (A$30 million) required to complete Feasibility Study

Immediate savings identified through project reconfiguration

Total capital cost reduction target of up to A$1 billion

With targeted initiatives in place, Arafura is confident it can advance the Nolans Project towards financing and commercialisation
Experienced Board and Management

Ian Kowalick – Non-Executive Chairman
Appointed 1 February 2012. Ian has worked in technical and project consulting, economic and business analysis for resource, banking and investment companies. Previously held the most senior management position in the South Australian public sector.

Chris Tonkin – Managing Director
Over 25 years’ experience as senior business executive. Proven track record in structuring and arranging complex financings for companies and projects in Australia and internationally across all major industry sectors.

Shasha Lu – Non-Executive Director
Based in Nanjing, China – responsible for business development opportunities in China. Former Executive Director and CEO of Hong Kong East China Non-Ferrous Metal Resources Co. Ltd (part of ECE).

Terry Grose – Non-Executive Director
30 years’ experience as senior executive, consultant and director. Joined Wesfarmers Limited in 1985 as Business Development Manager and later moved to Hong Kong as Executive Director of a computer software company.

Gavin Lockyer – Company Secretary & CFO
Over 20 years’ international experience in finance and mining. Held positions in senior investment banking, finance, treasury, derivatives and accounting.

Richard Brescianini – General Manager, Exploration & Development
Over 25 years’ public and private experience in the minerals industry, including BHP Minerals and the NT Government’s Geological Survey.

Neil Graham – General Manager, Operations & Technology
Over 25 years’ international experience in the chemical industry encompassing design, construction and commissioning of installations. Chartered engineer, most recently worked with Orica.

John Ganser – General Manager, Projects
Over 30 years’ experience in minerals and metals industry, including Rio Tinto, BHP Billiton, Iluka Resources, Hatch, SKM GHD and Calibre Projects.
Summary

- Nolans Rare Earths Project – world scale and well advanced
- Well positioned to supply 10% of global rare earths products this decade
- Strong representation of ‘Critical Rare Earths’ in product mix
- Trade-Off Study completed – project initiatives underway to significantly reduce capital costs and optimise project economics
- Optimisation Program ongoing with Chinese rare earth experts – additional material efficiencies and savings expected
- Expected reduction in short-term funding requirements and long-term funding risk
- Experienced and committed Board and Management team
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