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Competent Person Statement

The information in this report that relates to infrastructure, project execution and cost estimating is based on and fairly represents information compiled and / or reviewed by Lucas Stanfield who is a Member of the Australian Institute of Mining and Metallurgy. Lucas Stanfield is the Chief Development Officer for Peak Resources Limited and is a Mining Engineer with sufficient experience relevant to the activity which he is undertaking to be recognized as competent to compile and report such information. Lucas Stanfield consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Metallurgical Test Work Results is based on and fairly represents information compiled and / or reviewed by Gavin Beer who is a Member of The Australasian Institute of Mining and Metallurgy and a Chartered Professional. Gavin Beer is a Consulting Metallurgist with sufficient experience relevant to the activity which he is undertaking to be recognized as competent to compile and report such information. Gavin Beer consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on and fairly represents information compiled by Robert Spiers, who is a member of The Australasian Institute of Geoscientists. Robert Spiers has sufficient experience which is relevant to the style of mineralization 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’. Robert Spiers consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results is based on and fairly represents information compiled and reviewed by Dave Hammond who is a Member of The Australasian Institute of Mining and Metallurgy. Dave Hammond is the Technical Director of the Company. 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’. Dave Hammond consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.
Why Peak Resources?

- Unique World-Class Asset
- Attractive Market
- Clear Path to Production
- High Grade with Superior Nd-Pr Exposure
- Fully Funded DFS
- Proven Metallurgical Process
- Leading Capex / Opex
NGUALLA RARE EARTH PROJECT

Introduction to the Ngualla Project

Ngualla highlights

- Location: Tanzania
- Geology: Weathered bastnaesite
- High quality Ore Reserve: 20.7Mt @ 4.54% REO
- Mining: Low strip ratio open-pit
- Processing: Proven hydro-met route
- Low capex: US$367m (30% contingency)
- Low cost: US$11.74/kg REO
- Payback: In 3rd year

High quality Ore Reserve

- Attractive weathered bastnaesite mineralogy
  - High grade (4.54% REO)
  - Acid consuming minerals naturally leached
  - LoM: 58 years
- Best-in-class Nd-Pr exposure
- Demonstrated metallurgical process
- No acid baking required
- Radioactivity: Well below IAEA threshold

Upside in the DFS

- Fully financed US$25m DFS program
- Optimise low capital and high margin PFS
  - Higher grade concentrate
  - Process optimisation (reagents, lower acid consumption etc)
  - Stockpiling of Cerium (removal from SX circuit)

Strategic partners – Appian & IFC

- Appian Natural Resources Fund LP and IFC supporting project through DFS at 80:20
- Appian: Long-term mining only fund
  - Operational focus
  - Team built 30+ mines in Africa alone
- Partners brings African development expertise and de-risks project
- Provide financing and operational solutions
- Leading social and environmental standards

Note: The Ngualla Project Economic Assessment assumptions are contained within the ‘Peak Resources Delivers Robust PFS for Ngualla’ ASX announcement of 19 March 2014
The next rare earth producer

Indicative timetable to becoming the next rare earth producer

<table>
<thead>
<tr>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Positive PFS completed</td>
<td>• Team expansion</td>
<td>• Construction decision</td>
</tr>
<tr>
<td>✓ Proof of processing</td>
<td>• 20t bulk sample</td>
<td>• Permitting and MDA</td>
</tr>
<tr>
<td>✓ Large, high grade Ore Reserve</td>
<td>• Advance engineering</td>
<td>• Construction financing</td>
</tr>
<tr>
<td>✓ Beneficiation breakthrough</td>
<td>• Preliminary financing and strategic</td>
<td></td>
</tr>
<tr>
<td>✓ Optimisation underway</td>
<td>partnership discussions</td>
<td></td>
</tr>
<tr>
<td>✓ DFS financing secured with long-term</td>
<td>• Optimisation studies:</td>
<td></td>
</tr>
<tr>
<td>partners</td>
<td>– Location of downstream</td>
<td></td>
</tr>
<tr>
<td>– Appian and the IFC</td>
<td>– Stockpiling of Cerium</td>
<td></td>
</tr>
<tr>
<td></td>
<td>– Beneficiation improvement</td>
<td></td>
</tr>
<tr>
<td></td>
<td>– Capital cost efficiencies</td>
<td></td>
</tr>
</tbody>
</table>
The rare earth market
The rare earth market

LREO and HREO overview

- LREO’s (Nd, Pr, La and Ce) represent 89% of the market by volume and 64% by value
- HREO market is very niche (20kt)
  - Given low volumes, one new project may disrupt prices

Magnet demand key REO driver

- Magnet driven demand represents 53% of the market value
- Nd and Pr are the key inputs for the industry
- Dy associated with high-end magnet applications
- Phosphors demand in structural decline
- Other rare earths of minor importance due to low volume and/or value

Production and value – 2013A

<table>
<thead>
<tr>
<th>Volume</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>108kt</td>
<td>US$3.8bn</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Other</th>
<th>Y</th>
<th>Dy</th>
<th>Eu</th>
<th>La</th>
<th>Ce</th>
<th>Nd</th>
<th>Pr</th>
</tr>
</thead>
<tbody>
<tr>
<td>3%</td>
<td>7%</td>
<td>29%</td>
<td>6%</td>
<td>37%</td>
<td>17%</td>
<td>6%</td>
<td>9%</td>
</tr>
<tr>
<td>6%</td>
<td>23%</td>
<td>15%</td>
<td>35%</td>
<td>29%</td>
<td>29%</td>
<td>10%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Industry breakdown – LREO vs. HREO


Note: Prices taken as average Metal Pages price for 2013 except for Erbium which is based on the Ngualla PFS Price
Magnet demand drivers

The major REO growth segment driven by green technology

- Critical, non-substitutable input for lightweight non-ferrite magnets
- Exposure to green technologies (growth segment)
  - Weight reduction becoming increasingly important for the automotive industry
  - Size / efficiency of magnets key for portable electronics (smart phones)

<table>
<thead>
<tr>
<th>Magnet Use</th>
<th>Standard Automotive</th>
<th>Electronic</th>
<th>Wind Turbines</th>
<th>Electric Bikes</th>
<th>Electric and hybrid vehicles</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motors, actuators, sensors</td>
<td>Voice coils, hard drives</td>
<td>Gear free turbines</td>
<td>Motors</td>
<td>Main motor</td>
<td>Air conditioning, MRI, Motors</td>
<td>-</td>
<td>$2.3bn</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Share of market</th>
<th>c.40%</th>
<th>c.21%</th>
<th>c.19%</th>
<th>c.5%</th>
<th>c.4%</th>
<th>c.11%</th>
<th>$2.3bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intensity of use</td>
<td>250g / Car</td>
<td>10g / Hard drive</td>
<td>600kg / MW</td>
<td>300g / Bike</td>
<td>2kg / Car</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Substitution risk</td>
<td>Low (Weight reduction key)</td>
<td>Low (Electromagnets early stage R&amp;D)</td>
<td>Low (Weight reduction key)</td>
<td>Medium (Induction motors under high price)</td>
<td>-</td>
<td>Low risk of substitution in key markets</td>
<td></td>
</tr>
<tr>
<td>Recycling</td>
<td>Low (long life cycle)</td>
<td>Low (Early stage pilot plants)</td>
<td>Medium (High cost but long life cycle)</td>
<td>Medium (High cost but long life cycle)</td>
<td>-</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Growth (CAGR 14-20)</td>
<td>7% (increasing intensity of use)</td>
<td>2%</td>
<td>11%</td>
<td>7%</td>
<td>11%</td>
<td>c.5%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Source: Roskill report 2011, JP Morgan “Addressing the Rare Earth Issue” July 2013 and Pike research
Exposure to the right rare earths

**Nd-Pr structurally short**
- Industry production basket doesn’t match demand, creating a market “balance problem”
- Peak has the highest exposure to more attractive Nd-Pr exposure relative to peers
- Cerium likely oversupplied
  - Small portion of Peak’s basket
- Peak investigating economics of Cerium stockpiling vs. production to further improve the economics of Ngualla

**Lanthanum supply / demand ratio**

**Neodymium supply / demand ratio**

**Praseodymium supply / demand ratio**

Source: Roskill report 2011, JP Morgan “Addressing the Rare Earth Issue” July 2013 and Pike research
The Ngualla Rare Earth Project
Ngulla ticks all the key boxes

### High grade
- **Key considerations:**
  - Grade and basket
  - Sizing (ability to absorb supply)
- **Ngualla:**
  - Absolute grade: Leading developer
  - High cut-off grade: 3.0% REO
  - Basket: Greatest exposure to Nd-Pr
  - Sizing: Less of issue due to undersupply of Nd-Pr

### Attractive mineralogy
- **Key considerations:**
  - Geology and process implications
  - Acid consumption (opex)
  - Radioactivity
- **Ngualla:**
  - Weathered Bastnasite – favourable
  - Leached of key acid consuming minerals
  - Low U (14ppm) and Th (51ppm) – well below IAEA regulation threshold

### Proven processing
- **Key considerations:**
  - Ease of operation and test work
  - High grade REO concentrate producible
- **Ngualla:**
  - 4 high purity products produced
  - Proven process
  - 34.4% REO concentrate achieved
  - Mild temperature / pressure process
  - No acid baking

### Defensive economics
- **Key considerations:**
  - Capital intensity / Financeability
  - Operating cost
- **Ngualla:**
  - Unique geology driving low capital cost
  - Exposure to favourable metals
  - Defensive cost position
  - Optimisation potential
NGUALLA RARE EARTH PROJECT

High quality Ore Reserve

Ngualla highlights

- Large, high grade Mineral Resource
- Well defined (40 x 50m spacing, depth of 120m)
- Wide consistent zone with highest grade as surface
- Weathered Ore leached of acid consuming minerals enabling low cost production
- Open pit mining with low strip (LoM: 58 years)
- Ore Reserve only 22% of Mineral Resource

Continuous, wide high-grade zone

Ore Reserve classification

<table>
<thead>
<tr>
<th></th>
<th>Ore Tonnes (Mt)</th>
<th>REO % (3.0% cut-off)</th>
<th>Contained REO (kt)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proved</td>
<td>18.0</td>
<td>4.53</td>
<td>817</td>
</tr>
<tr>
<td>Probable</td>
<td>2.7</td>
<td>4.62</td>
<td>124</td>
</tr>
<tr>
<td>Total</td>
<td>20.7</td>
<td>4.54</td>
<td>941</td>
</tr>
</tbody>
</table>

Basket heavily weighted to Pr and Nd

For personal use only
Critical Rare Earth Elements ("CREOs")\(^{(1)}\) have the more attractive supply / demand fundamentals
- Peak's Ngulla deposit stands out as one of the highest grade CREO deposits
- Absolute grade is a greater value driver than relative proportion of CREOs
- Ngulla has the highest proportion of Nd-Pr relative to peers

Grade is king...

Absolute grade is the largest value driver for rare earth projects

Source: Company reports, Ngulla PFS March-14 and Technology Metals Research
1. CREOs: Praseodymium (Pr), Neodymium (Nd), Europium (Eu), Terbium (Tb), Dysprosium (Dy) and Yttrium (Y)
2. Bubble size = Contained REO based on Measured and Indicated Resources tonnage except for Ngulla that uses its Ore Reserve tonnage (only 22% of global unweathered Resource) and Project E that includes 5.3Mt of inferred Resource as no M&I Resource has been defined
3. Projects with major by-products: Project M (Nb), Project H (Zr, Nb, Ta) and Project I (P); Project with minor by-products: Project P (U, P), Project C (Zr, Nb), Project E (Zr), Project D (Zr, Ta, Nb) and Project J (U)
but Mineralogy key to cost and risk

Mineralogy distinguishes a quality deposit

- Weathered Bastnaesite Zone
  - Favourable mineralogy
- Host rock leached of carbonates lowering reagent consumption and processing cost
- No phosphate or monazite
  - Decreasing process complexity
- Non radioactive – U 14ppm, Th 51ppm in Ore Reserve

Enabling 3 stage, proven metallurgical process

Diamond core NDD006:
Weathered iron oxide- barite carbonatite containing high grade mineralisation, 3 to 8 % REO.

Amenable to simple sulphuric acid leach as majority of carbonate minerals removed through weathering.

Sharp karstic surface contact between weathered and fresh carbonatite.

Fresh carbonatite rock containing primary mineralisation 1 to 2.5% REO
Proven PFS flowsheet

Three stage process

- Demonstrated, proven metallurgical process from mineralisation to high purity separated products (Australian Nuclear Science and Technology Organisation – “ANSTO”)
- Low operating and capital costs
- Considering further optimisation through potential relocation of recovery and separation plants
Beneficiation breakthrough achieved

- Further improvement on already robust PFS
- Switch to flotation only beneficiation circuit
- High grade mineral concentrate 34.3% REO more than double the PFS concentrate grade of 16.3% (sevenfold upgrade versus feed grade)
- Ability to lower operating costs
- Reduction in acid consuming minerals to processing plants (Fe 25% of PFS level)
- Flexibility on recovery and solvent extraction plant location
- Access to lower cost power
- Saving on reagent transportation
- Potential capex saving due to reduced volumes in downstream processing from increased mass rejection (92% rejected)

Note: See ASX announcement “Ngualla Rare Earth Project Beneficiation Breakthrough” 7 August 2014
Industry leading capital efficiency

The most capital efficient developer

Understanding Peak’s capital advantage

Mineralogy
- High grade
- Low in acid consumers
- No kiln
- No radioactivity

Location
- Good infrastructure

Processing
- Second mover advantage
- Low throughput
- Beneficiation upside

Key takeaways
- One of the lowest capital intensity RE projects
- Capital efficiency driven by unique geology
- Manageable capex requirement (US$367m)
- Two large well funded strategic investors

Source: Company releases
Transaction with Appian & IFC

Overview

- Total transaction size: US$25m
- Staged but expected to fully finance Peak to construction
- Appian and IFC to invest on an 80:20 basis
- Total: 19.99% in ASX:PEK, 37.5% in PAM and has an option to purchase 2% GSR
- Appian and IFC expected to fund their capital requirement

Appian and IFC

- Collaborative long-term partners
- Provides financial certainty
- Enables 100% focus on project development and value growth
- Deep operating expertise, including 30+ mines built and managed in Africa
- Tier-one social and environmental practices

Investment structure (1)

1. Post money and completion of the Principal Transaction, see Peak secures BFS funding for Ngualla Rare Earth Project ASX announcement 29 September 2014
**PFS highlights and DFS opportunities**

**PFS highlights**

- Annual REO Production: 10kt REO
  - Potential to improve margin with Cerium removal
- LoM Cash Cost: US$11.74/kg REO FOB (excludes amortisation, depreciation and royalties)
- Capex: US$367m (including 30% contingency)

**DFS optimisation**

- Although the PFS has robust economics, Peak is focused on optimising returns and is therefore investigating the following:
  - Higher REO recoveries
  - High grade concentrate
  - Reduced transport costs
  - Lower reagent costs
  - Lower power costs
  - Cerium stockpiling
  - Acid plant trade off
  - Utilisation of contractors

Note: The Economic Assessment assumptions are contained within the ‘Peak Resources Delivers Robust PFS for Ngualla’ ASX announcement of 19 March 2014. Please refer to safe-harbour statement at beginning of this presentation.
Why Peak Resources?

The most attractive project...

1. Attractive Market
2. Clear Path to Production
3. Unique World-Class Asset
4. Fully Funded DFS
5. High Grade with Superior Nd-Pr Exposure
6. Proven Metallurgical Process
7. Leading Capex / Opex

...at a low valuation

Comparison of REO Development Projects

Source: Company releases and Capital IQ as at 10 October 2014
Developing a simple low cost rare earth project in Tanzania

Thank you

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Fax: +61 8 9226 3831

ASX Code: PEK

info@peakresources.com.au
www.peakresources.com.au
### Investment thesis

#### Rare earth market
- 17 metals with different drivers
- Magnet REOs (Nd-Pr) undersupplied
- Strong Nd-Pr demand growth:
  - 7% CAGR (14-20)
  - Driven by magnet demand
  - High value and difficult to substitute
  - Strategic for many countries

#### Project assessment
- Exposure to ‘right’ REOs (mineralogical basket) along with recoverable grade key to project economics
- Mineralogy / impurities drive process design
  - Feasibility, capex and opex
  - Radioactivity increases design complexity

#### Path to production
- Positive PFS released
- Processing proof completed
- DFS fully financed
- Process optimisation underway

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#### Key conclusions
- Exposures to ‘right’ REOs (mineralogical basket) along with recoverable grade key to project economics
- Mineralogy / impurities drive process design
  - Feasibility, capex and opex
  - Radioactivity increases design complexity

#### Implications for Ngualla
- Potential for REO value reallocation to incentivise Nd-Pr production
- Ngualla’s unique geology gives higher exposure to more favourable metals
- Nd-Pr represents 71% of Ngualla value
- Cerium exposure can be managed

- Ngualla ranks favourably on CREO grade / in-site ore value
  - Grade is king
- Weathered zone key to low opex (acid consumption) and capex (simple design)
- Beneficiation breakthrough
- Low Uranium / Thorium

- Management 100% focused on advancing project towards construction decision
- Financing no-longer constraint
  - Able to ramp-up development and team
- Appian and IFC supportive and experienced partners
- Manageable capex

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Source: IMCOA and JP Morgan “Addressing the Rare Earth Issue” July 2013
Capital structure

Key statistics

- Number of shares (undiluted): 334.2m
- Share price: A$0.067
- 52 week range: A$0.115-0.054
- Market cap: A$22.4m
- Cash: A$1.6m (US$25m investment agreed, of which first US$1m received)
- Options outstanding: 65.1m @ A$0.10

Share price performance

Source: Most recent company technical report, Capital IQ, as at 10 Oct 2014
# Board & management

## Board of Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alastair Hunter</td>
<td>Non-Executive Chairman</td>
<td>• 40+ years experience in exploration and management</td>
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<tr>
<td></td>
<td></td>
<td>• Formerly a Director of Peninsula Minerals NL, Matlock Mining NL and Anglo Australian Resources NL</td>
</tr>
<tr>
<td>Darren Townsend</td>
<td>Managing Director</td>
<td>• 20 years mining and corporate experience</td>
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<tr>
<td></td>
<td></td>
<td>• Extensive experience in managing ASX and TSX listed companies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• East African experience incl. development of tantalum mine in Mozambique</td>
</tr>
<tr>
<td>Dave Hammond</td>
<td>Technical Director</td>
<td>• 25 years technical and management experience</td>
</tr>
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<td></td>
<td></td>
<td>• Former Exploration Manager with De Grey Mining Limited and Sons of Gwalia. Previously with Billiton/Gencor in Africa</td>
</tr>
<tr>
<td>Jonathan Murray</td>
<td>Non-Executive Director</td>
<td>• Partner at independent corporate law firm Steinepreis Paganin specialising in equity capital raisings, acquisitions and divestments, governance and corporate compliance</td>
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## Key senior staff

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
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<tbody>
<tr>
<td>Lucas Stanfield</td>
<td>Chief Development Officer</td>
</tr>
<tr>
<td>Gavin Beer</td>
<td>Chief Metallurgist</td>
</tr>
<tr>
<td>Kibuta Ongwamuhana</td>
<td>Director, Peak Resources (Tanzania) Ltd.</td>
</tr>
<tr>
<td>James Wheeler</td>
<td>Country Manager, Tanzania</td>
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# Specialist consultants behind Peak

<table>
<thead>
<tr>
<th>Company</th>
<th>Responsibility</th>
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<tbody>
<tr>
<td>ANSTO</td>
<td>SX pilot plant</td>
</tr>
<tr>
<td>Amdel B.V</td>
<td>Comminution test work</td>
</tr>
<tr>
<td>P.D.C</td>
<td>Scoping study project management, infrastructure, tailings, services, environmental, civil engineering, logistics and independent technical report preparation</td>
</tr>
<tr>
<td>Hatch</td>
<td>Mineral Process engineering, including sulphuric acid plant, comminution and beneficiation circuits, rare earth recovery and solvent extraction plants</td>
</tr>
<tr>
<td>H&amp;S Consulting Pty Ltd</td>
<td>Independent specialists for Mineral Resource model and estimation</td>
</tr>
<tr>
<td>Independent Metallurgical Operations Pty Ltd (IMO)</td>
<td>Beneficiation process design and test work</td>
</tr>
<tr>
<td>Met-Chem Consulting Pty Ltd</td>
<td>Beneficiation and hydrometallurgical process flow sheet studies and development</td>
</tr>
<tr>
<td>Nagrom</td>
<td>Beneficiation and metallurgical test work</td>
</tr>
<tr>
<td>Orelogy</td>
<td>Mine engineering, geotechnical, pit optimisation and scheduling</td>
</tr>
<tr>
<td>Roger Townend</td>
<td>Mineralogy</td>
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<tr>
<td>Simulus Engineers</td>
<td>Process modelling including mass and energy balance</td>
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<tr>
<td>SGS Australia Laboratories</td>
<td>Analytical laboratory for drill samples</td>
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<tr>
<td>Dr Wally Witt</td>
<td>Geological specialist consultant</td>
</tr>
</tbody>
</table>
Tanzania

- Politically stable
- Government investment incentives and guarantees
- Steady 6-8% GDP growth (historic and forecast)
- Good infrastructure links
- Established mining culture
- Significant oil and gas investment
## JORC Mineral Resource estimates

### Classification of Mineral Resources for the Bastnaesite Zone weathered mineralisation at a 3.0% cut-off grade

<table>
<thead>
<tr>
<th>Resource Category</th>
<th>Tonnage (Mt)</th>
<th>REO (%)*</th>
<th>Contained REO (kt)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measured</td>
<td>19.0</td>
<td>4.53</td>
<td>840</td>
</tr>
<tr>
<td>Indicated</td>
<td>2.9</td>
<td>4.62</td>
<td>140</td>
</tr>
<tr>
<td>Inferred</td>
<td>0.1</td>
<td>4.10</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>21.0</strong></td>
<td><strong>4.54</strong></td>
<td><strong>982</strong></td>
</tr>
</tbody>
</table>

### Classification of Mineral Resources for the Total Ngualla Project at a 1.0% REO cut off grade

<table>
<thead>
<tr>
<th>JORC Resource Category</th>
<th>Tonnage (Mt)</th>
<th>REO (%)*</th>
<th>Contained REO (kt)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measured</td>
<td>81</td>
<td>2.66</td>
<td>2,100</td>
</tr>
<tr>
<td>Indicated</td>
<td>94</td>
<td>2.02</td>
<td>1,900</td>
</tr>
<tr>
<td>Inferred</td>
<td>20</td>
<td>1.83</td>
<td>380</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>195</strong></td>
<td><strong>2.26</strong></td>
<td><strong>4,400</strong></td>
</tr>
</tbody>
</table>

* REO (%) includes all the lanthanide elements plus yttrium oxides. Figures above may not sum precisely due to rounding. The number of significant figures does not imply an added level of precision.

The information in this report that relates to Mineral Resource is based on information compiled by Rob Spiers, who is a member of The Australian Institute for Geoscientists. Rob Spiers is an employee of geological consultants H&S Consultants Pty Ltd. Rob Spiers has sufficient experience which is relevant to the style and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve’. Rob Spiers consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.
Product volume and value split

The value drivers for Ngualla are the Nd-Pr and Mid+HRE >99% purity products

These include the higher value ‘Critical REOs’ forecast to be in undersupply

83% of the annual revenue (March 2014 Preliminary Feasibility Study) is from the high purity Nd-Pr and Heavy Rare Earth products

The lower value Ce and La represent only 17% of the total revenue

Ability to stockpile Cerium to improve economics

<table>
<thead>
<tr>
<th>Product</th>
<th>Status of production of high purity REO products</th>
<th>Total equivalent REO Production t/y</th>
<th>Relative Value Contribution (PFS pricing)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nd-Pr Oxide</td>
<td>✔️ Completed</td>
<td>2,250</td>
<td>71%</td>
</tr>
<tr>
<td>Mid+Heavy Oxide</td>
<td>✔️ Completed</td>
<td>245</td>
<td>12%</td>
</tr>
<tr>
<td>La Oxide</td>
<td>✔️ Completed</td>
<td>3,042</td>
<td>8%</td>
</tr>
<tr>
<td>Ce Oxide</td>
<td>✔️ Completed</td>
<td>4,542</td>
<td>9%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>10,069</td>
<td>100%</td>
</tr>
</tbody>
</table>
NGUALLA RARE EARTH PROJECT

PFS flowsheet and cost breakdown

MINING

CAPEX $14.5M
OPEX $0.62/kg

ROM Ore

ACID PLANT

CAPEX $51.3M

Diesel Power + Steam By-product Power = Total Power

INFRATESTRUCTURE

( Including Access Roads and First Fills)

CAPEX $105.5M
OPEX $1.38/kg

TOTAL

CAPEX $367M *
OPEX $11.74/kg

* Including 30% Contingency

AVERAGE FOB Cash Cost (FOB, Excluding Amortisation, Depreciation and Royalties) per kg of Separated REO products

For personal use only
### Demand growth vs. planned supply

<table>
<thead>
<tr>
<th>Rare Earth Oxide</th>
<th>2013 Demand (tonnes)</th>
<th>Price (US$/kg)</th>
<th>Value (US$m)</th>
<th>Average Annual Growth to 2017 (tonnes p.a)</th>
<th>Average Annual Production (tonnes p.a)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Light Rare Earths</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lanthanum</td>
<td>31,700</td>
<td>$7.56</td>
<td>240</td>
<td>2,275</td>
<td>3,042</td>
</tr>
<tr>
<td>Cerium</td>
<td>39,850</td>
<td>$7.80</td>
<td>311</td>
<td>2,861</td>
<td>4,542</td>
</tr>
<tr>
<td>Praseodymium</td>
<td>6,075</td>
<td>$93.96</td>
<td>571</td>
<td>2,458</td>
<td>2,240 combined</td>
</tr>
<tr>
<td>Neodymium</td>
<td>18,925</td>
<td>$70.01</td>
<td>1,325</td>
<td>3,081</td>
<td></td>
</tr>
<tr>
<td>Samarium</td>
<td>730</td>
<td>$14.12</td>
<td>10</td>
<td>168</td>
<td></td>
</tr>
<tr>
<td><strong>Heavy Rare Earths</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europium</td>
<td>330</td>
<td>$1,132.60</td>
<td>374</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gadolinium</td>
<td>1,360</td>
<td>$46.50</td>
<td>63</td>
<td></td>
<td>706</td>
</tr>
<tr>
<td>Terbium</td>
<td>255</td>
<td>$949.04</td>
<td>242</td>
<td>701</td>
<td>245 combined</td>
</tr>
<tr>
<td>Dysprosium</td>
<td>780</td>
<td>$540.38</td>
<td>422</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Erbium</td>
<td>780</td>
<td>$59.50</td>
<td>46</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yttrium</td>
<td>7,585</td>
<td>$25.27</td>
<td>192</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ho-Tm-Yb-Lu</td>
<td>130</td>
<td>-</td>
<td>-</td>
<td>34</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>108,500</strong></td>
<td></td>
<td><strong>$3,795</strong></td>
<td><strong>9,125</strong></td>
<td><strong>10,069</strong></td>
</tr>
</tbody>
</table>

- **Light RE:** $2.4 billion or 64% annual market value. **Heavy RE:** 36%
- **Magnet metals:** Nd-Pr are 50% of 2013 world market value and forecast to grow to 54% in 2016

1. IMCOA and Rare Earths Quarterly Bulletin 6, 5 February 2014
2. Average Metal Pages Price for Calendar Year 2013 except for Erbium which is based on Ngulla PFS Price