

Arafura Resources Gavin Lockyer on the U.S. growing interest in magnet metals

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"We are developing a project in Central Australia so in terms of political risk we represent a very low-risk jurisdiction. Our process is to mine, develop and process rare earth materials in Central Australia and then export neodymium-praseodymium oxides to the metal and magnet manufacturing industry, which typically sits offshore in places like Japan to a lesser extent Korea, predominantly China. The U.S. is definitely getting a growing interest in this as it is a strategic metal that feeds into high-performance magnets as you have rightly alluded to, which drive electric motors and also a range of defense applications." States Gavin Lockyer, Managing Director of [Arafura Resources Ltd.](#) (ASX: ARU), in an interview with InvestorIntel Corp. CEO Tracy Weslosky.

Tracy Weslosky: I will be honest with you; I am very excited about this interview. I mean, we have a lot going on in the news right now between China and the United States, and now Canada and China. That is making the world look to you for neodymium and praseodymium in Australia. Is that correct or am I jumping to the wrong conclusions?

Gavin Lockyer: It is starting. We are starting to see some movement in that space. Geopolitical issues typically reflect into an increase in the neodymium-praseodymium prices. We hope to see that in the near future. What we are seeing is that there is a slight increase from North American investors and manufacturers in particular, starting to look up their procurement supply chains to see where are the critical metals

being sourced from and what can they do to minimize their risk of supply disruption.

Tracy Weslosky: For those of you out there who may not be familiar with how exciting the magnetic material market actually is, the critical material market is, I am going to ask you Gavin, if you do not mind, just to give us a quick overview and re-review of who Arafura is in this market.

Gavin Lockyer: Sure. We are developing a project in Central Australia so in terms of political risk we represent a very low-risk jurisdiction. Our process is to mine, develop and process rare earth materials in Central Australia and then export neodymium-praseodymium oxides to the metal and magnet manufacturing industry, which typically sits offshore in places like Japan to a lesser extent Korea, predominantly China. The U.S. is definitely getting a growing interest in this as it is a strategic metal that feeds into high-performance magnets as you have rightly alluded to, which drive electric motors and also a range of defense applications.

Tracy Weslosky: Gavin what you have just alluded to, we did a piece about how the U.S. Defense law has market eyeing raw materials sources in Australia. Have you seen any additional phone calls from any military sources, of course, here in the last month? What can you talk about?

Gavin Lockyer: There is not a lot I can talk about. What I can say is that there is certainly interest coming from both sides of the Pacific to be honest. The Australian government obviously has made a range of public announcements in which it endorses Australian resource and critical metals and materials for its allies and, of course, the U.S. is an important ally, as is Canada. We would expect, while we have had some discussions at Canberra and at Washington level, what I would really like to

see is some of those industries that are reliant on the NdPr for their businesses actually start to come and talk to us a little bit more in a little bit more meaningful capacity because as you are well aware Tracy, the NdPr market is not a commodity market. There is not a LME on which it is traded and so for us to get our projects up and running we need offtake contracts which are defendable or are bankable basically...to access the complete interview, [click here](#)

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Arafura's Gavin Lockyer on the rising rare earths market

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May 17, 2018 – “What I will say about this slide though is that our project is one of only 12 in Australia that has been granted major project status by both the federal government and our local Northern Territory government. I think that reflects the strategic importance of rare earths, in particular, to Australia and its export partners.” states Gavin Lockyer, Managing Director of [Arafura Resources Ltd.](#) (ASX: ARU), in a recent presentation at the 7th Annual InvestorIntel Summit – Buds, Batteries & Blockchain 2018.

Gavin Lockyer: My name is Gavin Lockyer. I am Managing Director of Arafura Resources. I have been with the company for around 12 years now. I commenced as CFO and company Secretary and stepped into the managing director role about 3½ years ago. Also,

traveling with me is our General Manager for Business Development and Exploration, Mr. Richard Brescianini, who is standing over to the side there. If you have any technical questions about the project later on please feel free to seek out Richard or myself. Richard has also got some little toys which we can pass around because we all talk about these magnets, but not all of us have seen them all, been able to feel how strong they actually are. Richard has got a couple of toys there to play with. As you heard earlier if you were around when I was on the panel, we are developing the Nolans Bore Project, which sits in the middle of Australia. It is enriched in the rare earths in particular NdPr or neodymium, praseodymium. These are the key feed materials for these high-strength magnets. I will not bore you with all the standard details. What I like to do in these presentations is to talk a little bit about the market, about what we are experiencing at the moment so perhaps it might not correlate with the slides that are on the screen. I think you are all educated enough to jump on the website and download a standard presentation. I think it is probably more beneficial if we have some interaction around what we are actually seeing in the real world from our discussions with magnet producers, both in China, Japan, etc. What I will say about this slide though is that our project is one of only 12 in Australia that has been granted major project status by both the federal government and our local Northern Territory government. I think that reflects the strategic importance of rare earths, in particular, to Australia and its export partners. What this means really it just gives us a dedicated case officer in Canberra and also in Darwin, the capital of the Northern Territory where we can coordinate relationships through government and, not fast-track, but supposedly grease our way through the wheels of bureaucracy. I will touch on some of our permitting stuff a bit later on. As we have all heard, the NdPr market is critical to the high-performance magnets. We are

seeing renewed interest in capital markets in particular around the fact that a lot of these guys have made money out of the battery metals. A lot of the fund managers, etc, we are speaking to now have all made money in graphite, cobalt, lithium. They are starting to think, well, what is the next technology metal that is going to take off? Inevitably the battery technology has been the key enabler around the electrification of transportation fleets. Those batteries have to drive something. Inevitably it is an electric motor. Those electric motors, as we have heard from Nick from Alkane earlier, if you want that motor to be lighter and more efficient it will have NdPr magnets in it...to access the complete presentation, [click here](#)

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