



**FASTER**



**BRIGHTER**



**CLEANER**

**STRONGER**



**SMALLER**



**LIGHTER**



**AMR TECHNOLOGIES INC.**

*Our technology enables miniaturization,  
energy efficiency and environmental friendliness*

**December 2005**



# Forward Looking Information

The statements made in this presentation that are not historical facts are forward-looking statements that represent management's beliefs and assumptions based on currently available information. These statements may relate to matters such as expected financial performance, business prospects, technological developments, and development activities and like matters. These statements involve risks and uncertainties, including but not limited to the risk factors described in reporting documents filed by the Company. Actual results could differ materially from those projected as a result of these risks and should not be relied upon as a prediction of future events. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events. Estimates used in this presentation are from Company sources.

## Q3 – 2005 Highlights *(US\$ unless otherwise indicated)*

### Acquisition

- July 15 → AMR shareholders approve the combination with Magnequench
- August 31 → AMR / Magnequench combination closes

### Financing

- August 11 → C\$ 70.9 million subscription receipt offering completed
- August 31 → \$50 million convertible debt secured
- \$50 million senior debt facility arranged
- \$7.5 million revolving credit facility arranged
- Combined company's long term debt reduced by \$40 million

### Integration

- August 31 → AMR appoints Constantine Karayannopoulos as President & CEO
- September 1 → AMR appoints Michael Doolan as CFO
- Chairman, Archibald Cox, Jr. holds 8.8 million AMR shares or 11.4 %

# Management

**Archibald Cox, Jr.**

**Chairman** (former President & CEO, MQI)

**Peter Gundy**

**Vice-Chairman** (former Chairman, President & CEO, AMR)

**Constantine Karayannopoulos**

**President & CEO** (former EVP & COO, AMR)

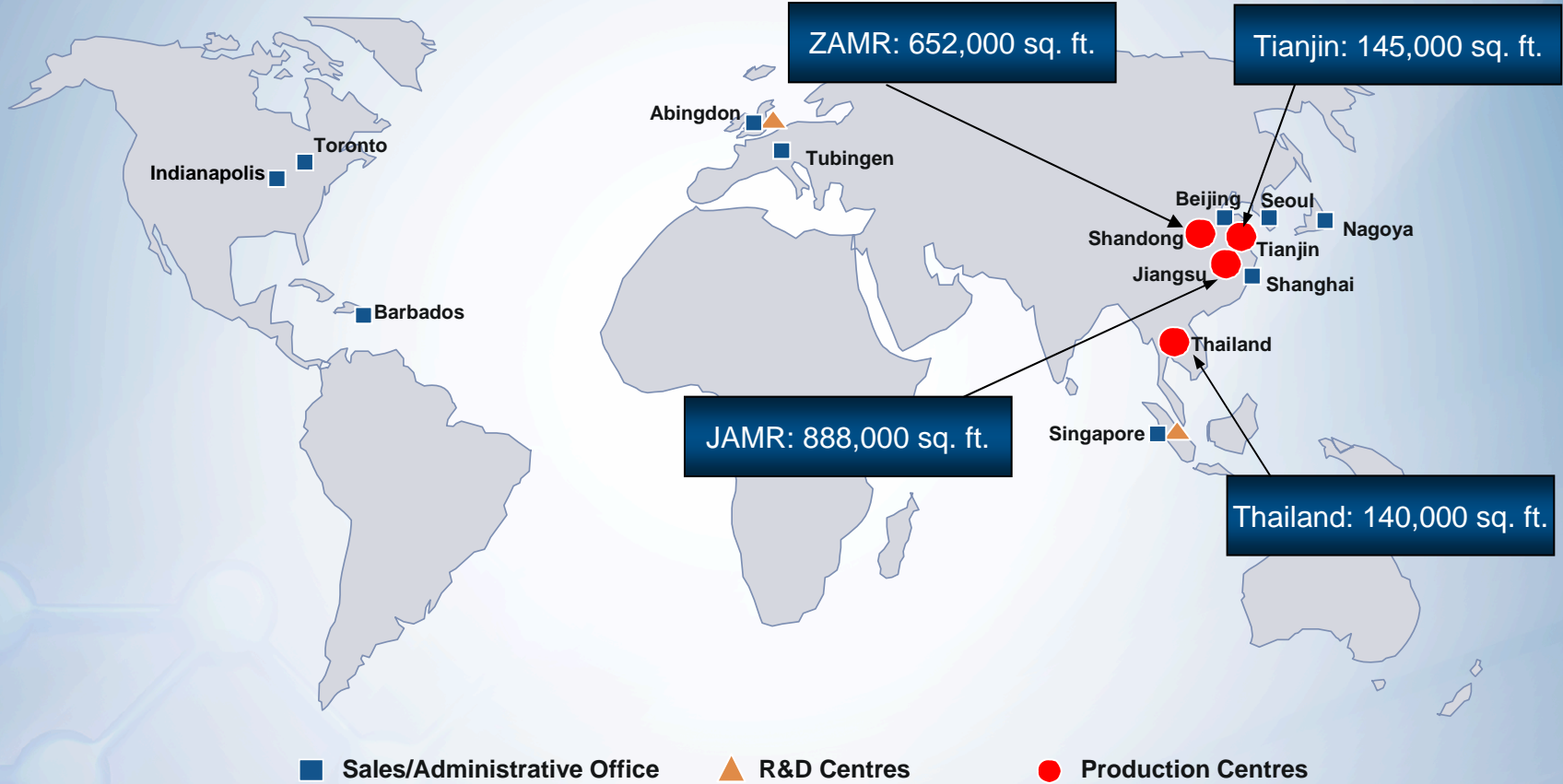
**Michael Doolan**

**Chief Financial Officer** (former CFO, Falconbridge)

## AMR + MQI = A world leader in advanced materials production

- #1 global producer of Neo magnetic powder - 85% market share
- #2 global producer of Specialty Rare Earths
- Fastest growing specialty Zirconium producer
- Operating in China since 1993
- 1,300 employees in 15 facilities located in 10 countries
- R&D facilities in Singapore and Abingdon UK

# Low Cost Operations and Global Marketing



# Performance Materials Applications

Rare Earths and Neo Powders enable:

Lighter Weight

Product Miniaturization

Enhanced Performance and Functionality

Enhanced Control and Measurement

Energy Efficiency / Environmental Compliance



- *Essential inputs for virtually all electronic products*
- *No substitutes exist that have the same characteristics and provide the same benefits*

# Industry Overview

## Process Chain

Rare Earths Mining



**AMR TECHNOLOGIES INC.**

**Performance Materials  
Division**

RE & Zr

**Electronic & Automotive Market**  
Electronic Components & Catalytic Converters



**Neodymium**

MQI – major consumer  
AMR – major producer

**Magnequench Division**

Neo Powder

**Hard Drives and Motors/Sensors**  
Magnets with a Power, Size & Weight Advantage



# Barriers to Entry

## Advanced Low Cost Facilities

- Lowest cost internationally based producers of rare earths and Neo powders
- Facilities in China and Thailand have a significant cost advantage over competitors

## Vertical Integration

- AMR is one of the major global producers of Neodymium, the key raw material for MQI
  - Provides opportunity to produce/sell more of the other rare earths to the market
- Locks in supply of raw material to Neo powders facilities

## Proprietary Technology and Patents

- The only legal supplier of Neo powder for use in end-products sold or made in the U.S.

## Long Standing Integrated Relationships with Clients

- Long standing client relationships and client integrated R&D initiatives
- Long qualification periods and relationships act as a barrier to new entrants

# Growth

## Compelling Macro Trends

### Miniaturization

- ⇒ Lighter and smaller electronic devices and appliances

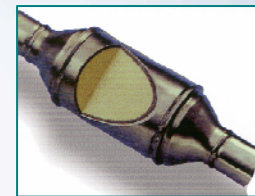


#### Example

- ⇒ Use of Neo powders to build mini hard drives

### Environmental Controls

- ⇒ Tightening automotive emission standards in developed and emerging countries



#### Example

- ⇒ Use of zirconium oxides for catalytic converters

### Energy / Power / Fuel Efficiency

- ⇒ Smaller, more powerful motors that consume less energy



#### Example

- ⇒ Emergence of automotive 'function-by-wire' systems

### Innovation of Consumer Electronics

- ⇒ Drive for smaller/lighter devices with greater memory capacity



#### Example

- ⇒ Utilize rare earths and Neo powders in electric components

# Growth Product Evolution

## Current

- Mobile phones already use rare earths, zirconium and Neo powders



## Next Generation

- Next 3-5 years, over 50% of mobile “smart” phones will have hard drive memory



## Growth

- Requirement for more rare earths and Neo powders

## Applications

- Electronic components
- Vibration motors

## Applications

- Digital camera
- Video
- Music
- Email / Internet

## Benefits

- Increased memory and applications
- Size and weight
- Longer battery life

# Growth

## Neo Powders: Growth Plan

1. Strategically Reduce Pricing on Neo Powder
  - Annual price reductions
  - Specific ferrite replacement pricing incentives
    - Elasticity of demand will result in increased volumes
2. Leverage Existing Customer Relationships
  - Exploit R&D capabilities
  - Become valuable and irreplaceable partners with customers
    - A full service provider
3. Capitalize on Strengths
  - Scale
  - Low cost production
  - Advanced technology

# Growth

## Neo Powders: Ferrite Replacement

Lighter Weight

Smaller Product / Miniaturization

Enhanced Performance and Functionality

Enhanced Control and Measurement

Energy Efficiency / Environmentally Friendly

- Driving Increasing Demand for Neo Magnets over Ferrite Magnets
- High price elasticity



### Current Ferrite Market

400,000 Metric Tonnes



# Growth Rare Earths

## Product Evolution

### Current

- Cathode tube TVs already use rare earths



### Growth

- Plasma and LCD TVs require more rare earths for lighting
- Growth in flat panel displays



### Application

- Electronic components

### Applications

- Computer displays
- Camera optical lens
- High Definition TVs

# Growth Zirconium

## Market: Automotive

**Product:** Zirconium mixed oxides: Essential for catalytic converters

- Nanotechnology expertise
- First producer in China – Lowest cost producer
- State of the art performance benchmark
- Growth Market
  - Emission standards tighten in industrialized countries
  - Emission standards are introduced into emerging markets such as China and India



### Customers

Component  
Manufacturers for  
Catalytic Converters

Ford  
Daimler Chrysler  
GM  
Aftermarket

BMW  
Nissan  
Honda

**Model Platforms:  
2005 forward**

# Divisional Overview



**AMR TECHNOLOGIES INC.**

**Performance Materials  
Division**



## **Rare Earths**

\$490 million market  
18 % market share

## **Zirconium**

\$175 million market  
3 year CAGR

\$54 million LTM revenue  
\$4 million LTM EBITDA

**Magnequench Division**



## **Neo Powder**

\$100 million market  
85 % market share  
\$80 million LTM revenue  
\$37 million LTM EBITDA

## Q3 – 2005 Financial Highlights

*(US\$ unless otherwise indicated)*

Revenue:	\$25.8 million
Operating Income from Cont. Op.:	\$4.6 million
Net Income:	(\$6.0 million)
Non-recurring Transaction Costs:	\$9.6 million
Inventory & Receivable Adjustments:	\$1.3 million
Shares Outstanding:	79,064,120
Adjusted EBITDA:	\$10.5 million
Adjusted Net Income:	\$4.9 million
Adjusted Earnings Per Share:	\$0.06 (Cdn\$0.07)

# Normalized Income Statement

	3Q05 Adjusted **	3Q05 Pro forma **
Revenue	25.8	33.0
EBITDA	10.5	10.8
Interest expense	4.1	4.3
Net income from continuing operations	4.7	4.8
Net income / (loss)	4.9	5.0

\*\* excludes deal related and non-recurring costs

## Balance Sheet as at September 30, 2005

	September 30 2005
<b>Total cash and equivalents</b>	11.6
<b>Total assets</b>	159.8
<b>Senior debt</b>	50.0
<b>Subordinated convertible debentures</b>	50.0
<b>Minority interest</b>	2.1
<b>Net total debt</b>	91.4
<b>Net total debt / EBITDA</b>	2.2
<b>Net senior debt / EBITDA</b>	0.9

- Proceeds of offering, in combination with a new senior lending facility and convertible debenture used to refinance the debt outstanding of MQI

# Investment Highlights

- **Superior Growth Prospects**
  - Materials are essential to virtually all electronic devices as well as the automotive industry
  - Global macro trends will continue to drive growth
- **Vertical Integration and Operating Synergies**
  - Increase production of rare earths to meet MQI neodymium requirements
  - Substantial cost synergies from sharing best practices in technology, R&D and marketing
- **Advanced, Low Cost Facilities and Global Marketing Reach**
  - Three facilities in China and one in Thailand have a significant cost advantage
- **Technological Advantage**
  - Superior R&D expertise
- **Financially Strong Company**