ACN 080 933 455

ARAFURA RESOURCES LIMITED (ASX : ARU)

FURTHER OUTSTANDING HIGH GRADE INTERCEPTS

NOLANS RARE EARTHS PROJECT, NORTHERN TERRITORY

(ARU 100%) 25 July 2007

Highlights

Arafura is pleased to announce the remaining assay results from core drilling carried out at the Nolans phosphate-hosted rare earths-uranium deposit in the Northern Territory earlier this year.

- Highest grade drill intervals of rare earths and uranium include:
  - 8.3 metres at **11.4% REO** and **2.2 lb/T U_3O_8** in NBDH161
  - 4.7 metres at **7.9% REO** and **1.2 lb/T U_3O_8** in NBDH167

- Other significant drill intervals include:
  - 17.3 metres at **6.6% REO** **1.2 lb/T U_3O_8** in NBRD018
  - 18.0 metres at **5.0% REO** **0.8 lb/T U_3O_8** in NBDH167
  - 10.0 metres at **4.5% REO** **0.6 lb/T U_3O_8** in NBDH170
  - 9.8 metres at **3.8% REO** **0.6 lb/T U_3O_8** in NBDH169
  - 8.0 metres at **3.4% REO** **0.5 lb/T U_3O_8** and
    8.6 metres at **4.6% REO** **0.9 lb/T U_3O_8** in NBDH162

- Second phase of the drilling program on schedule to commence in September 2007.

Background

The Nolans phosphate-hosted rare earths-uranium deposit is situated within Arafura's Substitute Exploration Licence 23671 (SEL 23671) near Aileron, about 135 kilometres NNW of Alice Springs (Figure 1). Exploration has been undertaken on the deposit by Arafura since it discovered the mineralisation in 1999.

In late 2006 Arafura embarked upon a program of infill drilling for detailed geological interpretation and resource modelling purposes in the central portion of the north zone of the deposit. This 400 metre long portion is expected to be the initial mining area when planned development commences in 2009/2010.

The current identified resources at Nolans are estimated to be

Tonnes	rare earths	phosphate	uranium
18.6 million	**3.1% REO**	**14% P_2O_5**	**0.47 lb/T U_3O_8**

(JORC code compliant; 54% Indicated, 46% Inferred; ARU:ASX 23/11/05; Figure 2).

This estimate was determined on the basis of inclined drill holes spaced at about 40 metre intervals and on drill sections spaced 40 metres apart.

In-fill Drilling Program

The current in-fill drilling program comprises approximately 6,000 metres of RC percussion and core drilling to reduce the hole spacing to 20 metres on drill sections 20 metres apart in the central portion of the North Zone (Figure 2), with the aim of upgrading the resources in the initial mining area to Measured Resource status to a depth of 100 metres below the surface. This should enable the assessment of a mine design and lead to an estimation of Ore Reserves as a basis for a feasibility study towards the end 2008/2009.

The initial phase of the infill drilling program was carried out between September 2006 and March 2007. It comprised 2,024 metres of HQ triple-tube core drilling in 23 new holes and extensions to 3 previously completed RC holes. The second phase of infill drilling, comprising 4,000 metres of RC percussion drilling in 45 holes, is scheduled to commence in September 2007.

The locations of the core holes completed in the initial phase are shown in Figure 3.

Assays for the first 12 core holes in the program were previously reported (ARU:ASX 9/7/07). Results for the remaining 10 core holes and core extensions to three previously drilled RC percussion holes are reported here.

Assay results for all mineralised intervals listed in **Table 1** are based on a 1% REE cut-off. Sampling and analytical details were described in the report dated 9/07/07.

Further intervals of high grade mineralisation were intersected in all remaining holes. Intervals of significant grade and width include:

Drill hole#	interval	rare earths	phosphate	uranium
NBDH161	8.3 m @	11.4% REO	9.7% P_2O_5	2.2 lb/T U_3O_8 from 39.2 metres,
and	6.0 m @	3.5% REO	3.9% P_2O_5	0.7 lb/T U_3O_8 from 30.0 metres
NBDH167	18.0 m @	5.0% REO	23.4% P_2O_5	0.8 lb/T U_3O_8 from 94.0 metres,
and	4.7 m @	7.9% REO	33.0% P_2O_5	1.2 lb/T U_3O_8 from 35.9 metres
NBRD018	17.3 m @	6.4% REO	30.5% P_2O_5	1.2 lb/T U_3O_8 from 78.0 metres
NBDH170	10.0 m @	4.5% REO	19.4% P_2O_5	0.8 lb/T U_3O_8 from 43.5 metres,
and	4.4 m @	4.2% REO	17.8% P_2O_5	0.5 lb/T U_3O_8 from 11.3 metres
NBDH169	9.8 m @	5.2% REO	23.7% P_2O_5	0.7 lb/T U_3O_8 from 57.7 metres,
and	5.3 m @	3.8% REO	17.7% P_2O_5	0.6 lb/T U_3O_8 from 74.5 metres
NBDH162	8.0 m @	3.4% REO	14.3% P_2O_5	0.5 lb/T U_3O_8 from 77.0 metres,
and	8.6 m @	4.6% REO	23.0% P_2O_5	0.9 lb/T U_3O_8 from 86.0 metres.

The high grade mineralisation from 39.2 metres in NBDH161 is possibly continuous with high grade intersections previously reported in drill holes NBDH159 and NBDH160. This provides additional support for the possibility that the distribution of this type of mineralisation may be more extensive than previously interpreted (Figure 3).

The two best continuous intervals in the current results in NBDH167 (18 metres) and NBRD018 (17.3 metres) are about 100 metres apart and 80-100 metres vertically below the surface, in a 20-40 metre thick (true) zone of mineralisation. This zone extends over a strike length of 180-200 metres (at that depth) and encompasses the following drill intercepts:

Drill hole#	from	to	interval
NBDH156	94.8 metres	131.3 metres	36.5 metres
NBDH157	114.0 metres	141.6 metres	27.6 metres
NBDH158	101.0 metres	117.0 metres	16.0 metres
NBDH162	77.0 metres	94.6 metres	17.6 metres
NBDH165	69.0 metres	87.0 metres	18.0 metres
NBDH167	88.5 metres	118.0 metres	29.5 metres
NBDH169	67.7 metres	87.0 metres	19.3 metres
NBRD018	48.0 metres	95.0 metres	47.0 metres

The intervals in holes NBDH156-158 were reported earlier this month. The 47 metre interval in hole NBRD018 includes a 30 metre intersection (from 48 to 78 metres) drilled and reported in 2004.

All further enquiries should be directed to:

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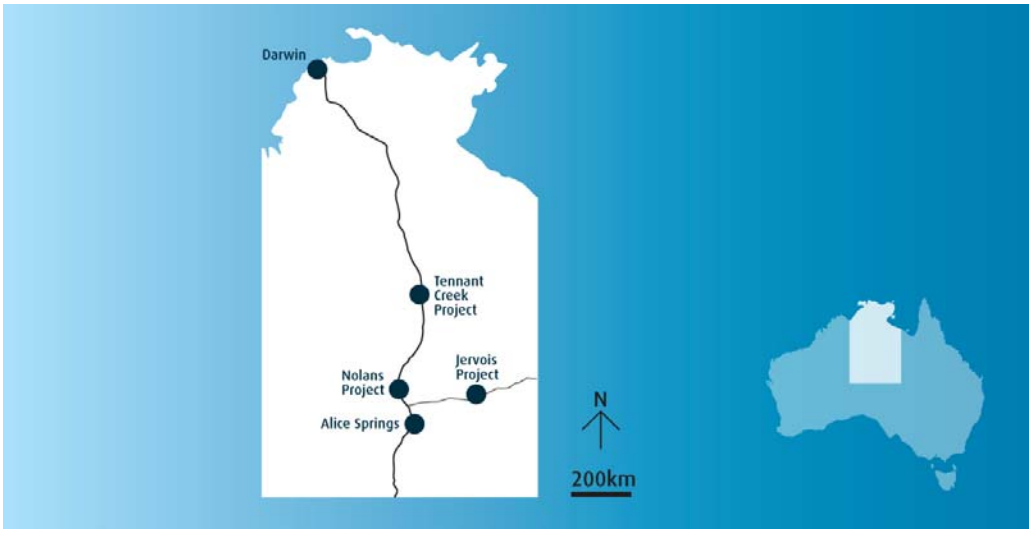
The information in this press release that relates to drilling, geological interpretation and mineral resources has been compiled by Mr John Goulevitch, BSc(Hons), MSc, of Exploremin Pty Ltd. Mr Goulevitch is a Fellow of the Australian Institute of Geoscientists and he has the necessary professional qualifications and sufficient experience relevant to this style of mineralisation to qualify as the Competent Person as defined in the *Australasian Code for Reporting of Mineral Resources and Ore Reserves* (JORC Code) for reporting these exploration results. Mr Goulevitch acts as Consulting Geologist to Arafura Resources Limited. He consents to the inclusion in this report of the contained technical information in the form and context in which it appears. An entity associated with Mr Goulevitch is a shareholder in Arafura Resources.

Figure 1: Location diagram, Nolans Project, NT



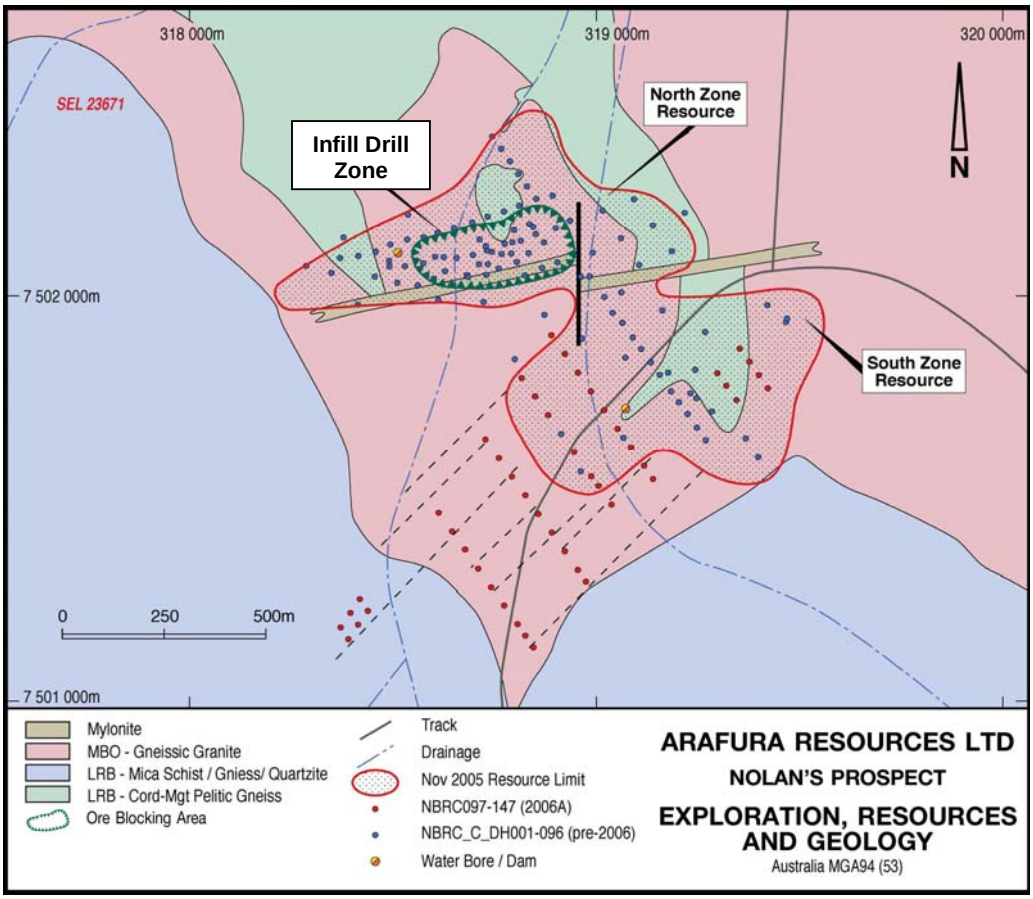


Figure 2: Location of infill drilling zone, Nolans Project

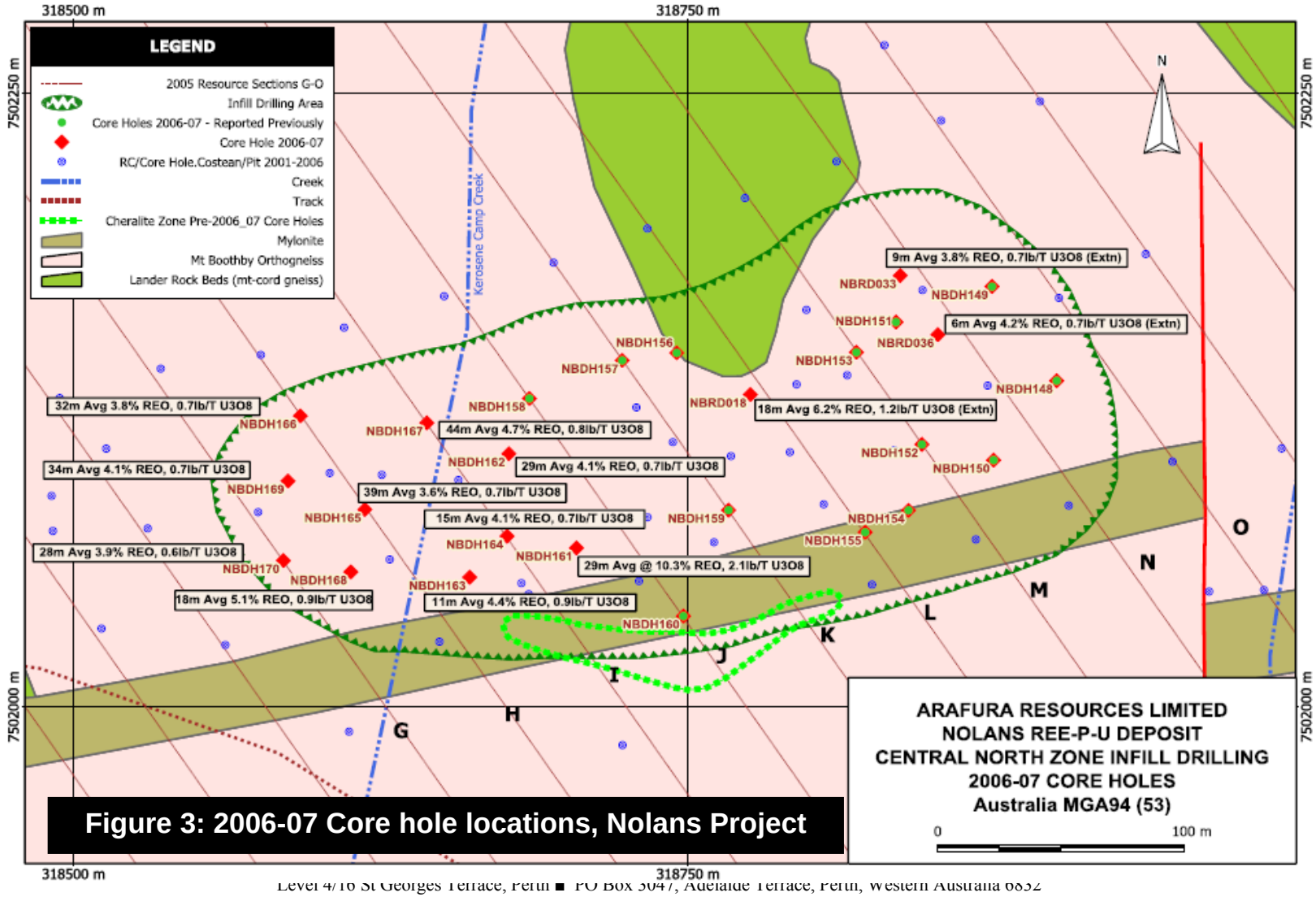


Figure 3: 2006-07 Core hole locations, Nolans Project

Table 1: Core Hole Results, Nolans Project, NT

HOLENO*	EAST	NORTH	RL	INCLN	AZIM	EOH	FROM	TO	INTVL	TOTAL REO**	P_2O_5**	U_3O_8** ***
NBDH161	318704.6	7502064.7	657.3	-60	145	69.6	7.7	8.3	0.6	24.61	17.8	4.86
							9.1	14.5	5.4	23.83	17.8	4.73
							25.6	26.0	0.4			
							28.6	29.3	0.7	8.85	30.2	2.83
							30.0	36.0	6.0	3.47	3.9	0.67
							39.2	47.5	8.3	11.42	9.7	2.22
							54.1	57.0	2.9	5.44	24.8	1.51
							58.3	61.6	3.3	4.49	25.9	0.91
							63.7	64.0	0.3	3.71	9.2	0.62
							66.0	67.5	1.5	2.18	12.4	0.50
								TOTAL	**29.4**	**10.25**	**14.2**	**2.09**
NBDH162	318677.1	7502103.1	656.6	-60	145	103.5	1.5	6.0	4.5	4.32	18.9	0.81
							13.6	14.2	0.6	4.66	18.1	0.63
							23.1	23.7	0.6	2.21	10.5	0.35
							46.8	47.1	0.3	2.53	10.5	0.19
							60.4	62.9	2.5	5.25	18.5	0.62
							63.2	64.5	1.3	1.88	4.5	0.18
							77.0	85.0	8.0	3.36	14.3	0.45
							86.0	94.6	8.6	4.60	23.0	0.91
							96.5	98.6	2.1	4.88	20.9	0.93
								TOTAL	**28.5**	**4.09**	**18.0**	**0.68**
NBDH163	318661.2	7502052.8	656.4	-60	145	44.3	13.0	13.9	0.9	5.22	16.0	0.89
							14.5	18.5	4.0	5.80	23.2	1.00
							21.5	21.9	0.4	1.61	6.3	0.31
							25.1	25.5	0.4	6.03	30.9	2.09
							26.7	31.1	4.4	3.00	15.7	0.63

HOLENO*	EAST	NORTH	RL	INCLN	AZIM	EOH	FROM	TO	INTVL	TOTAL REO**	P_2O_5**	U_3O_8** ***
							32.8	33.8	1.0	4.06	20.2	0.81
								TOTAL	**11.2**	**4.35**	**19.1**	**0.85**
NBDH164	318676.4	7502069.5	656.8	-60	145	73.5	27.2	30.1	2.9	6.00	23.6	0.91
							33.7	35.5	1.8	4.50	17.6	0.84
							35.9	37.9	2.0	6.51	28.2	1.58
							39.5	41.7	2.2	1.97	6.8	0.24
							47.7	51.0	3.3	3.04	14.3	0.42
							68.5	71.0	2.5	2.99	11.8	0.44
								TOTAL	**14.7**	**4.11**	**16.9**	**0.70**
NBDH165	318618.6	7502080.4	656.4	-60	145	108	9.6	17.3	6.7	3.67	17.7	0.61
							30.5	33.3	2.8	3.58	15.6	0.60
							46.8	49.4	2.6	3.91	17.6	1.07
							52.3	54.4	2.1	3.50	14.8	0.80
							57.2	62.0	4.8	3.23	13.2	0.55
							63.0	65.0	2.0	1.72	7.4	0.24
							66.0	68.0	2.0	1.67	7.9	0.29
							69.0	74.8	5.8	4.52	22.5	0.88
							76.6	80.0	3.4	2.26	12.8	0.57
							82.0	87.1	5.1	4.75	24.2	0.98
							88.8	90.3	1.5	3.44	21.7	0.80
								TOTAL	**38.8**	**3.55**	**17.1**	**0.70**
NBDH166	318592.3	7502118.5	656.9	-60	145	128.5	32.2	33.4	1.2	1.39	7.4	0.31
							49.3	50.2	0.9	2.33	9.9	0.44
							58.0	60.0	2.0	5.33	21.7	0.76
							61.8	62.4	0.6	3.68	17.3	0.61
							62.7	63.7	1.0	1.88	10.6	0.38
							65.5	68.5	3.0	3.73	16.4	0.69
							74.7	77.2	2.5	3.60	16.3	0.62

HOLENO*	EAST	NORTH	RL	INCLN	AZIM	EOH	FROM	TO	INTVL	TOTAL REO**	P_2O_5**	U_3O_8** ***
							79.0	82.9	3.9	7.09	29.2	1.09
							89.5	90.8	1.3	5.23	19.5	0.72
							92.4	97.0	4.6	2.84	12.7	0.41
							98.8	101.9	3.1	3.92	19.2	0.76
							103.0	107.0	4.0	2.50	14.3	0.57
							110.4	113.9	3.5	2.85	14.9	0.58
							127.2	127.8	0.6	6.37	26.3	1.08
								TOTAL	**32.2**	**3.79**	**17.2**	**0.65**
NBDH167	318643.8	7502115.7	655.6	-60	145	137.5	34.7	35.2	0.5	7.13	28.4	1.28
							35.9	40.6	4.7	7.87	33.0	1.24
							49.1	49.5	0.4	3.45	16.8	0.61
							56.3	57.5	1.2	3.47	14.3	0.64
							59.5	61.2	1.7	5.03	20.9	0.70
							63.2	63.4	0.2	3.51	16.6	0.51
							65.9	66.9	1.0	5.78	21.7	0.83
							69.0	69.8	0.8	6.13	23.8	0.64
							81.9	82.2	0.3	1.75	8.0	0.18
							84.6	85.2	0.6	2.65	12.0	0.53
							88.5	92.0	3.5	2.75	12.4	0.41
							94.0	112.0	18.0	5.03	23.4	0.84
							113.3	118.0	4.7	3.92	19.2	0.84
							124.9	127.1	2.2	3.99	16.9	0.80
							128.2	130.2	2.0	1.86	9.6	0.31
							132.3	134.1	1.8	3.49	16.5	0.60
								TOTAL	**43.6**	**4.71**	**21.2**	**0.79**
NBDH168	318612.9	7502055.0	656.5	-60	145	53.5	0.3	3.9	3.6	4.90	22.8	1.18
							11.0	11.3	0.3	3.34	13.7	0.50
							16.3	20.6	4.3	3.84	16.7	0.50
							23.7	25.2	1.5	5.77	24.5	0.77

HOLENO*	EAST	NORTH	RL	INCLN	AZIM	EOH	FROM	TO	INTVL	TOTAL REO**	P_2O_5**	U_3O_8** ***
							28.0	28.2	0.3	4.78	19.0	0.92
							31.0	37.5	6.1	7.00	26.5	1.15
							39.5	41.2	1.7	1.50	12.2	0.54
								TOTAL	**17.7**	**5.09**	**21.5**	**0.90**
NBDH169	318587.3	7502092.0	657.3	-60	145	95.5	23.4	24.4	1.0	2.47	9.5	0.58
							27.0	29.5	2.5	1.88	13.3	0.52
							34.7	36.6	1.9	5.32	23.4	0.88
							37.2	37.5	0.3	1.64	10.2	0.31
							40.5	42.5	2.0	1.43	9.7	0.34
							45.7	46.0	0.3	7.02	27.0	1.31
							46.6	47.8	1.2	5.49	22.6	1.15
							48.3	48.6	0.3	5.88	29.1	1.25
							51.7	53.2	1.5	7.01	28.0	1.19
							54.1	54.6	0.5	6.08	24.1	0.91
							57.7	63.0	5.3	5.17	23.7	0.74
							64.0	64.8	0.8	1.89	9.8	0.41
							67.7	70.4	2.7	4.63	18.8	0.76
							71.5	73.5	2.0	4.40	18.9	0.52
							74.5	84.3	9.8	3.83	17.7	0.62
							85.0	87.0	2.0	3.30	14.1	0.66
								TOTAL	**34.1**	**4.08**	**18.5**	**0.69**
NBDH170	318585.4	7502059.6	657.6	-60	145	56.5	0.0	2.0	2.0	1.66	7.7	0.22
							4.9	6.3	1.4	2.10	9.4	0.30
							11.3	15.7	4.4	4.19	17.8	0.53
							16.7	17.8	1.1	3.41	15.3	0.46
							20.6	21.3	0.7	1.96	17.2	0.36
							22.9	23.5	0.6	1.59	8.8	0.27
							27.5	30.9	3.4	3.96	16.4	0.66
							32.3	32.8	0.5	3.16	13.4	0.46

HOLENO*	EAST	NORTH	RL	INCLN	AZIM	EOH	FROM	TO	INTVL	TOTAL REO**	P_2O_5**	U_3O_8** ***
							33.9	34.8	0.9	5.06	21.4	0.79
							35.8	36.3	0.5	4.44	18.6	0.68
							39.9	42.3	2.4	4.53	21.1	0.64
							43.5	53.5	10.0	4.48	19.4	0.78
								TOTAL	**27.9**	**3.88**	**17.1**	**0.61**
NBRD018	318775.4	7502127.2	657.0	-60	146	113.4	78.0	95.3	17.3	6.36	30.5	1.23
							103.9	104.5	0.6	2.50	11.3	0.45
								TOTAL	**17.9**	**6.23**	**29.9**	**1.20**
NBRD033	318836.4	7502175.7	656.7	-60	146	132.2	112.1	119.4	7.3	3.95	20.5	0.75
							121.6	122.8	1.2	2.72	15.2	0.49
								TOTAL	**8.5**	**3.78**	**19.8**	**0.72**
NBRD036	318851.6	7502151.7	656.8	-60	146	108	68.4	69.4	1.0	3.51	14.9	0.39
							78.9	80.2	1.3	4.24	20.2	0.55
							86.0	88.3	2.3	4.95	22.7	0.96
							89.3	90.3	1.0	3.12	16.1	0.53
								TOTAL	**5.6**	**4.21**	**19.6**	**0.69**

* NBDH = core hole; NBRD = core tail on RC hole
**Analytical data subject to confirmation by duplicate sampling and inter-laboratory analyses.
*** 1 lb/T U_3O_8 equals 0.0454% U_3O_8