



ABN 22 080 933 455

18 March 2008

MEDIA RELEASE

NOTICE OF INTENT FOR RARE EARTHS MINE

Australia is destined to become a major supplier of rare earths as demand increases for more environmentally friendly vehicles, re-chargeable batteries, energy efficient light globes, magnets and computer screens, the Managing Director of Arafura Resources, Mr Alistair Stephens said today.

“The biggest growth market for rare earths is hybrid cars, a major user of rare earths for rechargeable batteries and high strength magnets for electric motors,” he said.

World demand for rare earths is about 110,000 tonnes a year, with 98% produced by China. However, the Chinese market can no longer keep up with demand and car manufacturers in countries such as Japan are looking for alternative suppliers, Mr Stephens said.

Arafura Resources has lodged a Notice of Intent with the Northern Territory Government to develop its Nolans rare earths deposit in Central Australia.

The company is seeking approval for the mine near Aileron about 135 kilometres north of Alice Springs in Central Australia.

The mine will produce rare earths and by-products of phosphoric acid, calcium chloride and very small amounts of uranium.

A mine life of about 20 years is estimated based on rare earths production of 20,000 tonnes a year, although the project may be extended over time as additional drilling results are assessed.

Arafura Resources will do extensive environmental studies as part of its environmental approvals process. It will consult widely with government and community groups in Central Australia, Mr Stephens said.

He said no decision had been made on the location of a processing plant at this stage.

“We are continuing to assess a number of options and seeking government feedback on potential sites which will include Darwin. Ultimately the processing plant location will be dependent on the optimum location of a chemical plant needed for our processing,” he said.

For more information, including fact sheets on the project, go to <http://www.arafuraresources.com.au>

Arafura Resources

Arafura Resources is a Perth-based specialty metals explorer and developing producer which has operated in the Northern Territory for the past 20 years. It listed on the Australian Stock Exchange in 2003 and has diversified its asset portfolio by targeting projects that will deliver long-term and sustainable value and growth. These include:

- Mt Porter gold deposit near Pine Creek
- A nickel exploration joint venture with Mithril Resources at Hammer Hill, near Alice Springs
- Jervois magnetite-vanadium project in Central Australia
- Kurinelli gold project.

In 2007, Arafura demerged its uranium exploration activities to NuPower Resources, retaining a 10% interest in the company.

For more information

Fact sheets on Arafura and the Nolans project can be found on the Arafura Resources website at www.arafuraresources.com.au

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Alistair Stephens is attending this week's AGES conference in Alice Springs and is available for interviews or media briefings on Tuesday.