ARAFURA RESOURCES LIMITED

NOLANS PROJECT

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Arafura Resources Ltd

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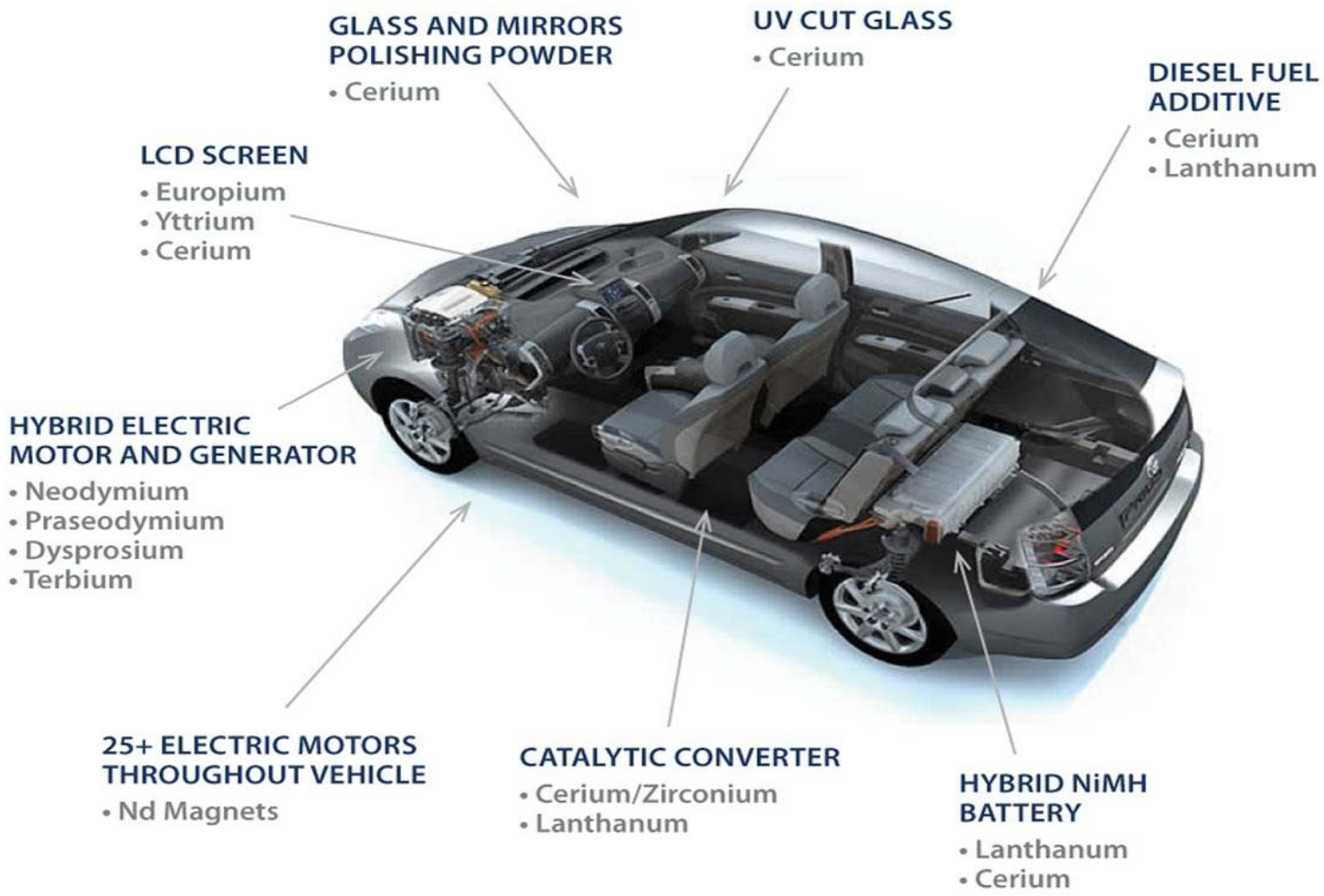
Topics

This is just about Nolans

1. **What are Rare Earths?**
2. **Overview of the production flowsheet**
3. **Nolans mine site & project activities**
4. **Timeline**
5. **Our achievements**

Rare Earths - metals for the future



Rare Earths – The vitamin of energy

ENERGY PRODUCTION

Petroleum Refining

Lanthanum oxide is used in petroleum cracking catalysts in the oil refining industry.

High-powered Electric Motors

Neodymium, Dysprosium and Terbium are used in the strongest permanent magnets known. Electric motors use these magnets to achieve superior output in power generation from wind.

New Generation Vehicles

Lanthanum is also used as a catalyst in hydrogen fuel cell technology.

ENERGY REDUCTION

UV Filters in Glass

Cerium added to glass is a filter of ultra-violet radiation used in many vehicles.

Reducing Fuel Consumption

Neodymium is used in the electric motors in hybrid cars, which reduces fuel consumption.

Lighter - Faster

Rare earths used in vehicles improve performance and lowers car weight resulting in reduced fuel consumption.

Rare Earths - our lifestyle needs

ENERGY EFFICIENCY

New Generation Vehicles

Neodymium and Samarium are used in the strongest permanent magnets known. Electric motors in hybrid cars use these magnets to achieve superior output and torque.

Rechargeable Batteries

Lanthanum is a key component in the rechargeable NiMH batteries used in hybrid cars.

Energy Efficient Lighting

Praseodymium and Europium are key elements in rare earths used in energy efficient lighting.

LIFESTYLE

Colour Screen LCDs/PDPs

Europium, Terbium and Yttrium are used as phosphors in electronic screens.

Components to Hardware

Neodymium permanent magnets and other rare earths are used in computer hard disk drives.

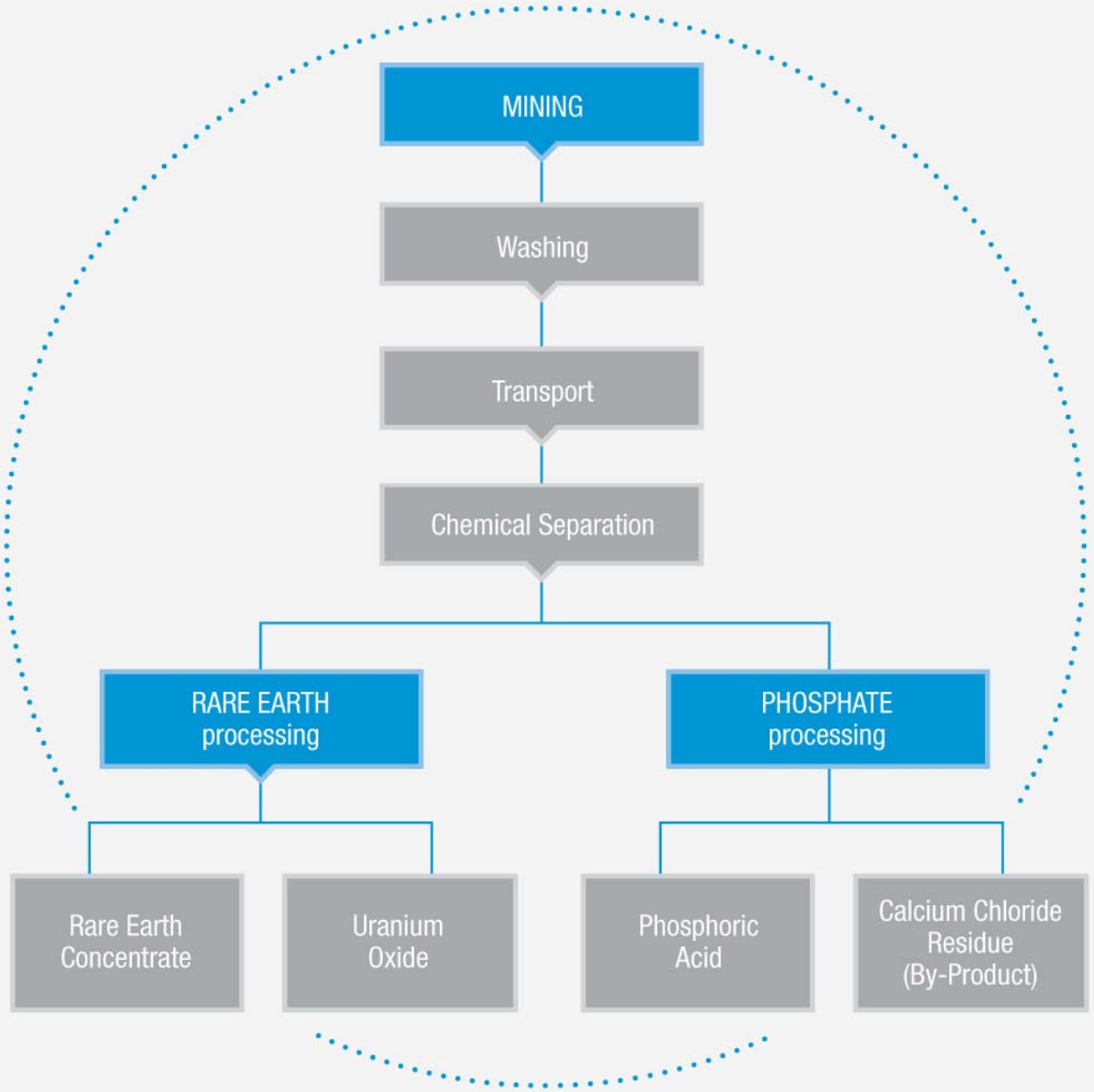
Medical Services

Rare earths are essential components in MRIs.

Autocatalysts

Mixed rare earth oxides are used in environmental catalysts including exhaust converters, chemical scrubbers and other gaseous products and waste streams.

Nolans Project Flowsheet



Nolans Production

	Production per annum (tonnes)	Current price ($US)	Total revenue US$ million
Rare earths	20,000	*15,000/tonne	300
Phosphoric acid	150,000	1,000/tonne	150
Calcium chloride	400,000	100/tonne	40
Uranium	150	75/lb	25
Total revenue			US$515
Total Revenue at USD:AUD 0.90			**AUD$570**
Less operating expenses (excluding chemical transport costs)			AUD$250
Gross Margin			AUD$320
Revenue over 20 years undiscounted AUD$11.5 billion			

*based on Nolans mix of rare earths

Nolans Project

Location

Project overview

Mine Layout

Heavy Media Separation

Transport options

Transport method

Mine infrastructure

Project benefits

Community

Nolans Location

135 km north of Alice Springs

5km to gas line

10km to Stuart Highway

15km to Aileron Roadhouse

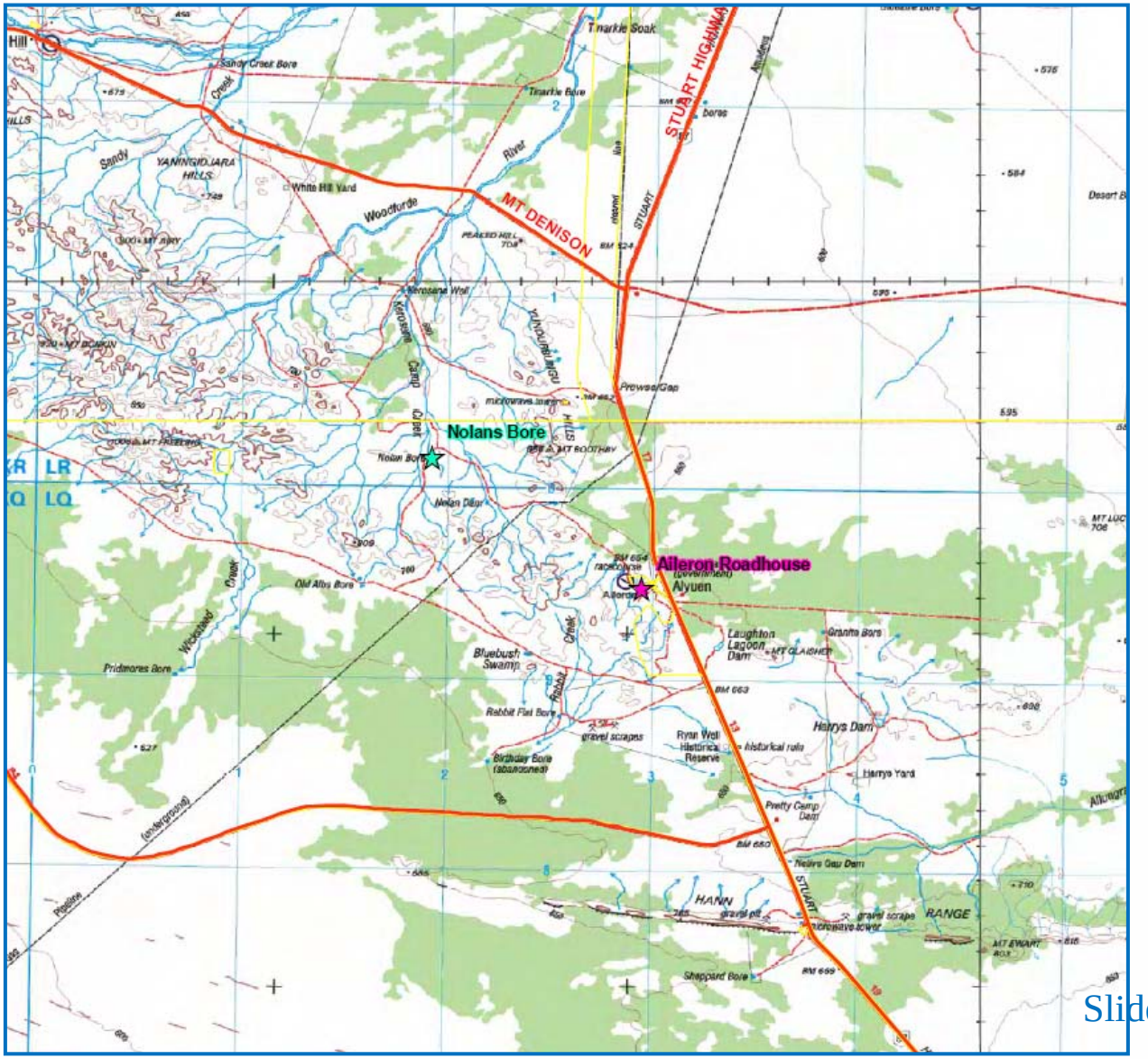
60 km to rail line

1200 km to Darwin

Project Overview

- **Small open pit mine**
- **+20 year mine life**
- **18.6Mt ore body to date,** (3.1% rare earths, 14% phosphate, .02% uranium)
- **Leasehold pastoral property** (Aileron Station)
- **Traditional land of the Anmatjere people**

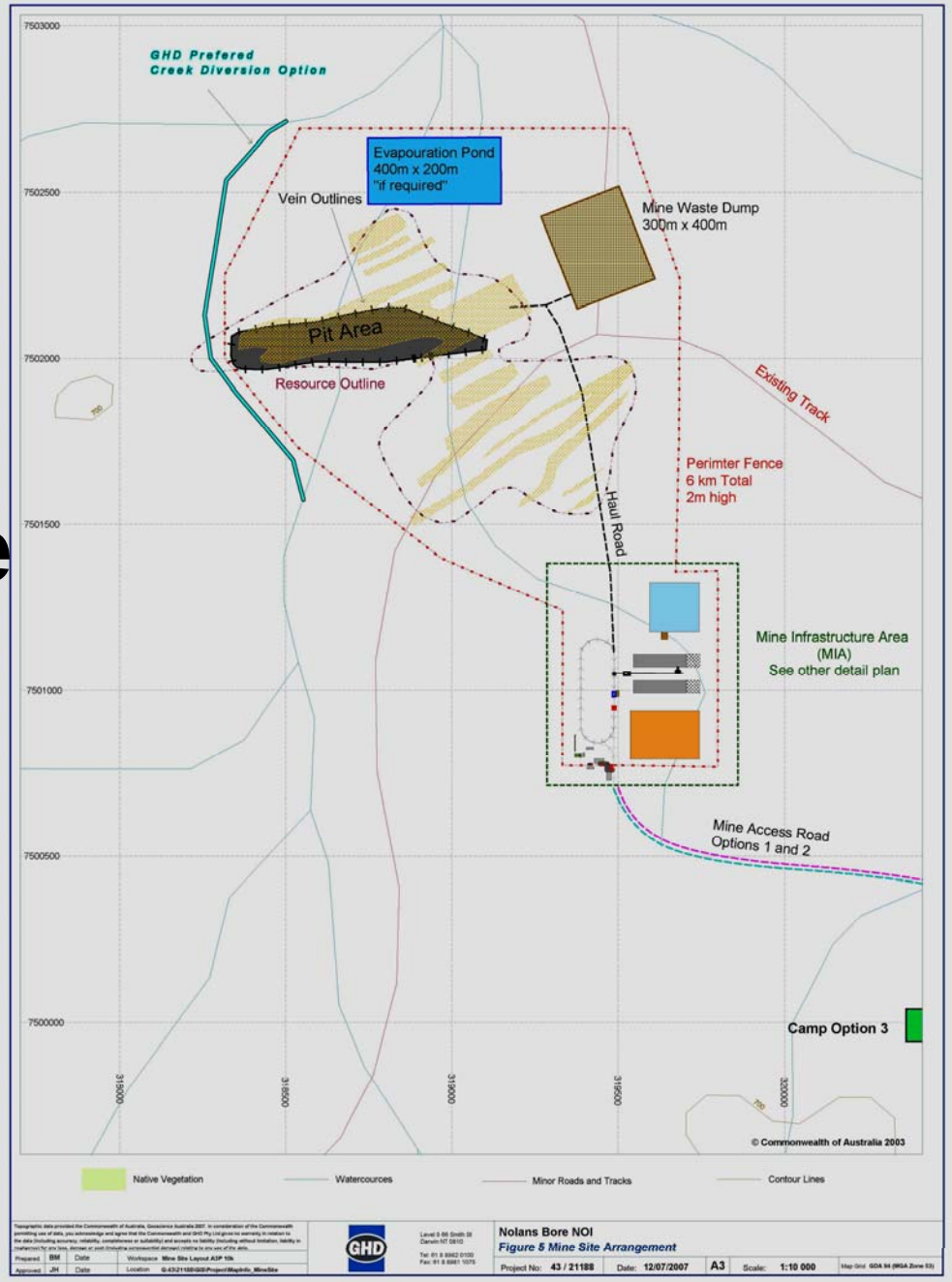
Mine Site Location



Basic mining issues

- **Mining 1.7M tpa for about 800,000 tpa ore**
- **Conventional drill & blast open cut operation using excavator & truck**
- **Crush, screen, wash ore (by heavy media separation)**
- **Transport about 500,000 tpa concentrated ore using truck & rail**
- **Power & water demand low**

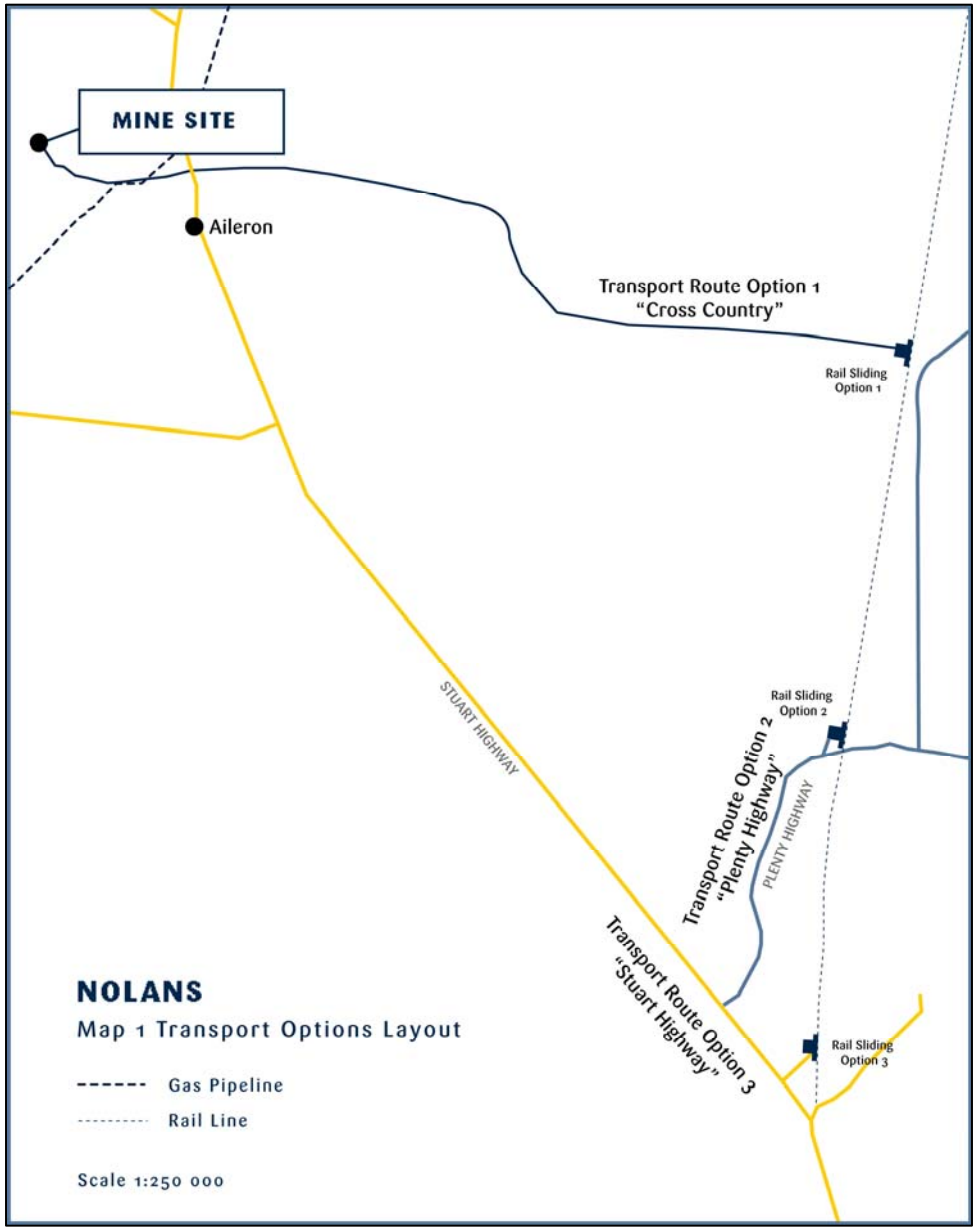
Mine Site Layout



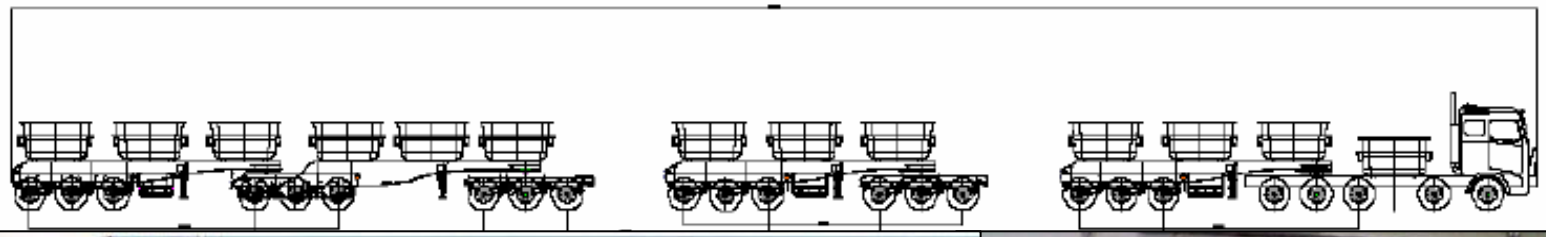
Heavy Media Separation

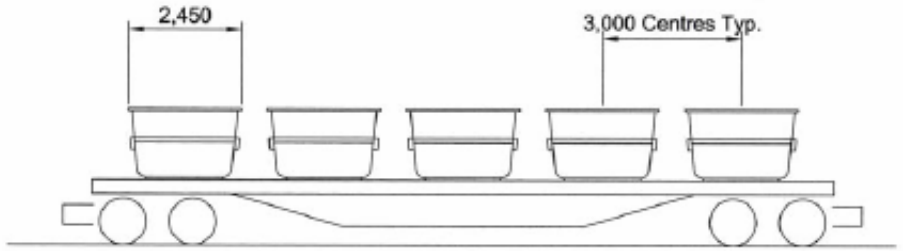
- A method of separating waste from mined ore
- Material is crushed to -6mm and screened
- The -6mm material is then treated through a heavy media
- Waste is trucked to stockpiles
- Concentrated ore is dried for transport
- Demonstration plant results to be released soon

Transport Route Options



Transport option - kibbles





Estimated Payload = 70t - (5 x 1.2t) = 64t

Mining Infrastructure

Capital estimate ~ $75m ± 30% on pre-feasibility assumptions

- **Mine offices, change rooms, laundry, camp for 50-60**
- **Workshops, vehicle wash bay, product storage**
- **Mining fleet – assuming campaign mining eg: 6 months**
- **Crushing, screening and beneficiation plant, drying plant**
- **Waste, tailings and residue storages**
- **Power station and fuel storage (diesel power station assumed at present)**
- **Reverse osmosis plant (for water purification)**
- **Haul road to Stuart Highway**

Local benefits of the Project

- 50 to 60 jobs with priority to locals
- Opportunities for Anmatjerre people
- Service and supply contracts in Central Australia
- Community benefits fund
  - Indigenous economic benefit
  - Health, education, communication
  - Water & power synergies
- Further use of Aileron roadhouse
- Use of NT infrastructure

Community Relations

- Located on Aileron Station
- Anmatjere country
- Near Aileron & Alyuen communities
- Committed to open & informed consultation process for all stakeholders
- Looking at Community Benefits possibilities
  - Helping in education, supporting the local community, Indigenous employment - priority local workers, synergies with infrastructure

Resource drilling & HMS - 2008

Resource drilling program at Nolans is + 90% complete

- **Assaying in progress – results due July to September**
- **Stage 1 Demonstration Heavy Media Separation Plant**
    - **Bulk sampling is complete**
    - **Stage A – Crushing, screening & HMS completed**
    - **Stage B - optimising HMS plant configuration in progress**

To do in 2008

Mine Site

- **Mine NOI submitted to NT Government**
- **Environmental studies for mine approval**

Stage 1 – HMS phase (a) complete with HMS plant optimisation in progress

Stage 2 - Demonstration Chemical plant at ANSTO (multiple phases)

- **Site selection for process plant in progress**
- **Process plant NOI expected in July 2008**
- **Plant site studies and approval**

Definitive Feasibility Study – to commence July 2008

Continue Community Consultation

Project Timeline

Project Schedule

Activity	2008	2009	2010	2011	2012	2013
Submit NOI Mine						
Studies for Mine approval						
Mine approval						
Demonstration Plant Studies						
Definitive Feasibility Study						
Process Plant Site Selection						
Studies & Process Plant NOI + Approval						
Procurement & Construction						
Production 50%						
Production 75%						
Production 100%						

Arafura's Achievements

Project pre-feasibility study valuation NPV AUD$1.1B

Additional mineralisation identified – more resources to be assessed

Heavy media separation very successful as a low cost upgrade method

HMS product in transit to ANSTO demonstration plant

ANSTO demonstration plant to commence in April

Refocus on approvals process, site selection, split NOIs etc

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