

**MEDIA RELEASE**  
20 November 2006

**\$3.3 MILLION GRANT FOR ARAFURA RESOURCES NOLANS  
RARE EARTH PROJECT**



Emerging rare earths producer Arafura Resources NL (ASX:ARU) has been offered a grant of \$3,311,499 under the Commonwealth Government's Commercial Ready Program for the company's Nolans Project.

The grants aim to stimulate greater innovation in the private sector and support early-stage commercialisation activities and research and development for projects with large commercial potential.

Arafura recently met with Australian Industry Minister Ian Macfarlane who praised Arafura's efforts in pursuing a rare earths project like Nolans.

Speaking to Arafura Board members immediately before a fund raising luncheon for Stuart Henry MP for Hasluck, the Minister said, "Arafura's Nolans project has the potential to become a significant global supplier of rare earth products. In a market that is growing rapidly throughout the world due to the huge demand for high tech and greenhouse friendly products, the benefits to the Australian economy and the global

environment from this new and exciting product will be considerable.”

The Nolans rare earths-phosphate project is located 135 km north east of Alice Springs in the Northern Territory. The deposit was discovered by Arafura’s Consulting Geologist John Goulevitch in 1999 and exploration work has delineated an 18.6 million tonne resource of phosphate, rare earths and uranium mineralisation.

Arafura Resources Chairman Peter Walker said the grant was a reflection of the company’s technical capacity to develop a significant project that will have major implications for the development of a new industry base in Northern Australia. “These grants aren’t easy to get and it reflects well on the Company’s internal skills to bring this project into production”.

“This grant is a significant milestone for Arafura Resources in achieving our ambition of developing resources for the future. With this assistance Arafura will be well positioned to meet the increasing demands for environmentally sustainable products”, Mr Walker said.

Rare earths are an essential component of products with significant growth potential in the electronics industry such as plasma and LCD screens and, the delivery of energy efficient transport solutions through hybrid vehicles which rely on the technology for rechargeable batteries. They are also used in wind farm turbines.

Arafura, working with Ernst and Young, made a submission to the Commonwealth Government in early 2006. Director Ian Kowalick was instrumental in ensuring the submission presented the strongest case for the project.

“We were competing with a number of other very worthy companies and projects for a Commercial Ready grant and the Board is delighted that the Nolans project’s potential has been recognised in such a significant way,” Mr Kowalick said.

The Commercial Ready grant will allow the Arafura Resources to continue with the development of a unique rare earth, phosphate and uranium recovery process. The grant covers all technical and process related expenditure inclusive of the development of preliminary engineering designs, test work, pilot plant and demonstration plant costs.

Arafura is currently finalising the feasibility studies into the pilot and demonstration plant and will contribute a further \$3.3 million to complement the Commonwealth’s contribution.

Arafura Resources Managing Director Alistair Stephens said the company was honoured to receive the grant which was fantastic external recognition of the potential commerciality of the Nolans rare earth-phosphate-uranium project.

“With this grant Arafura can now move forward on the feasibility phase with the benefit of additional funding, which leaves us able to concentrate on the technical and marketing challenges ahead,” Managing Director Alistair Stephens said.

ENDS

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