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Arafura
Resources for the future



Arafura Resources – Corporate Structure

*Assumes shareholders approve the Demerger

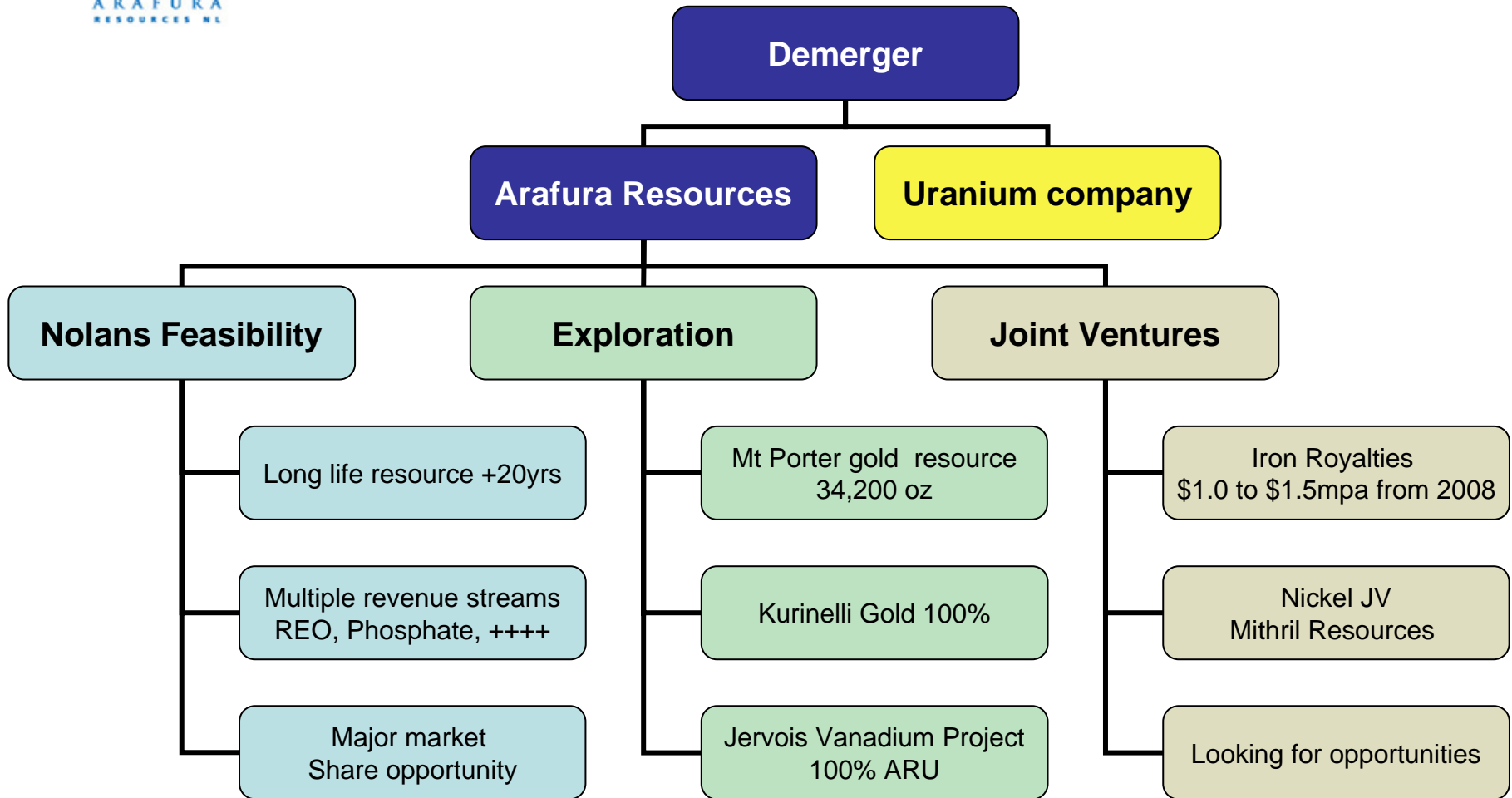
ASX Codes	ARU : ARUO
Shares on Issue	118.8 m
Options* (post Demerger revaluation)	17.2 m @ 13c, June '08
Share Price	A\$0.95
Market Capitalisation	A\$112 m (1 Feb 07)
Cash on hand, post de-merger*	A\$7.4 m
Commonwealth Ready Grant for feasibility	A\$3.3 m

Positioned to grow into a specialty metal producer

Rare Earths
Powering Technology



ARU to de-merge NuPower on 5 March 2007



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Resources for the future



Rare earths – What are their outcomes?

Environmental leadership

- Reduce fuel consumption
- Reduce GHG emissions
- Converters for exhaust emissions

Electronics

- Colour screen LCD/plasma
- Components to hardware
- Medical services (MRI)

Energy

- Petroleum refining
- Rechargeable batteries

Technology

- High powered electric motors
- New generation vehicles

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Rare Earths - What are they worth?

Product	Price @ Dec 2006	Use	Substitute
Cerium 99%	US\$2,000/tonne	Automotive exhaust catalysis Glass additive	PGM's (limited) limited
Lanthanum 99%	US\$2,500/tonne	NiMH batteries Fluid cracking catalyst	Lithium Ion Limited
Neodymium 99%	US\$20,000/tonne	High power magnets	None
Dysprosium 99% Praseodymium 99%	US\$80,000/tonne US\$20,000/tonne	Superior magnet strength at high temperature	None
Europium 99% Terbium 99%	US\$250,000/tonne US\$480,000/tonne	Screen phosphors	None

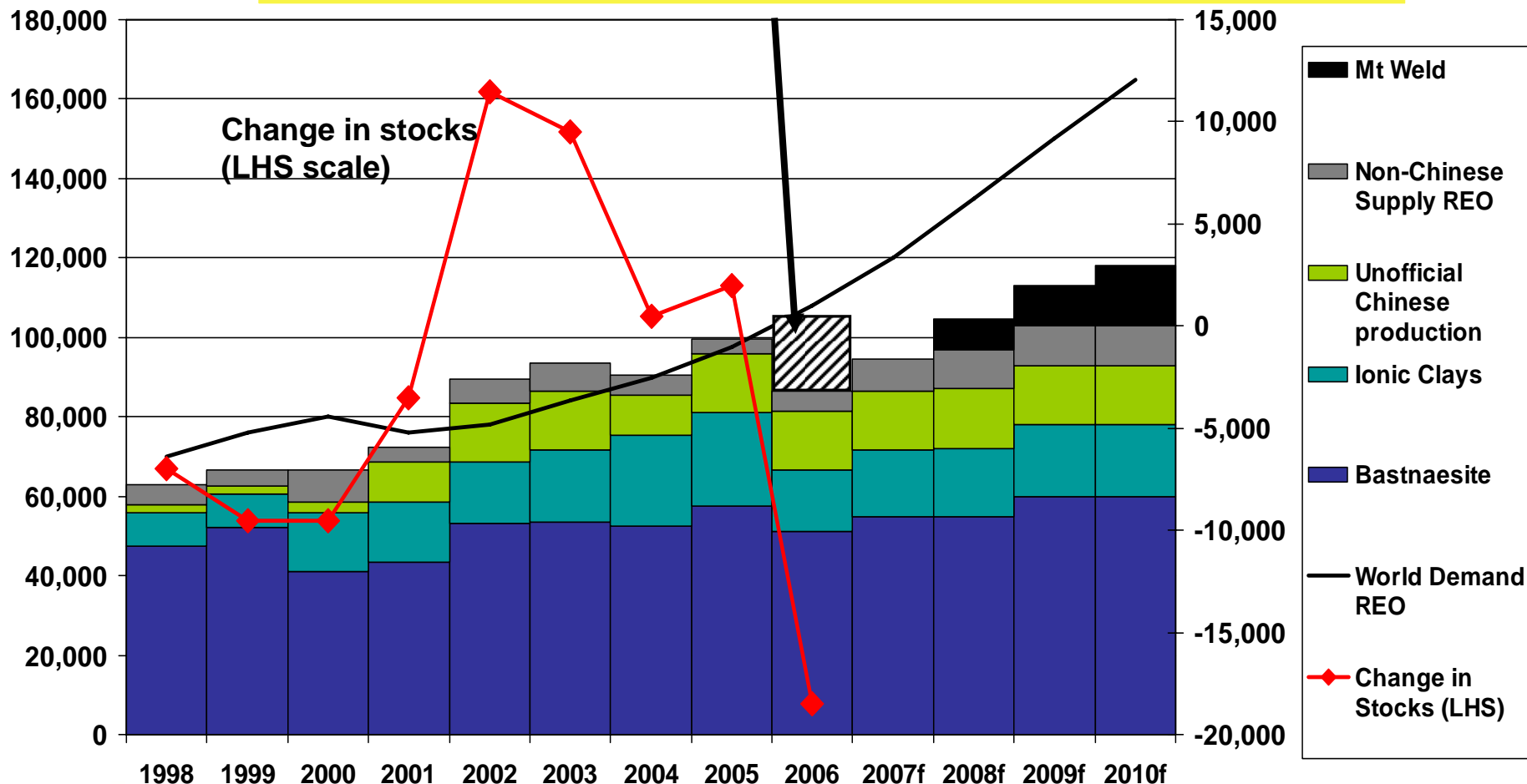
Growth rates of 10-15% per annum

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Rare Earth – Demand & Supply

The deficit in production in 2006 has drawn down all world stocks



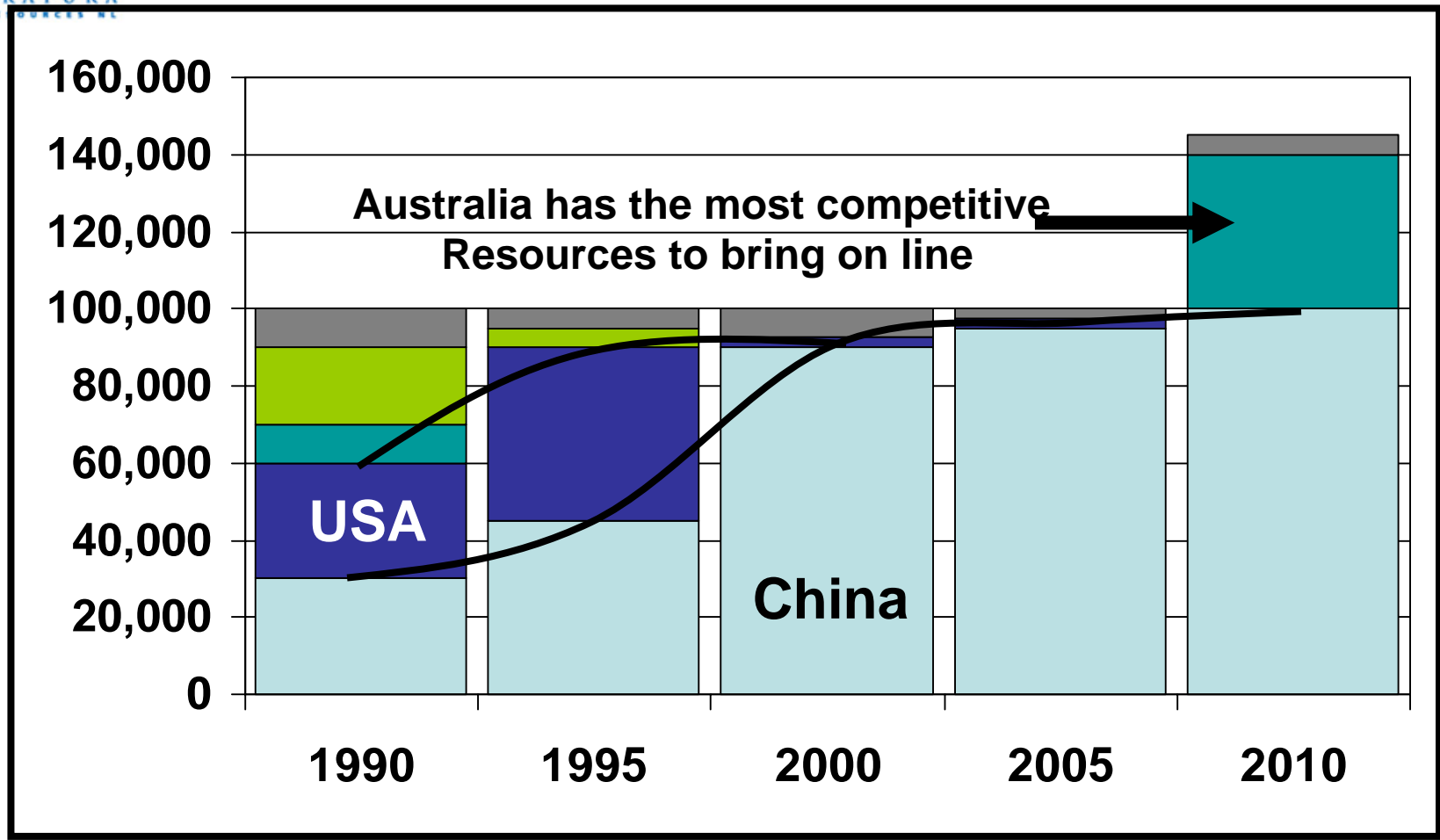
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Rare Earths – Supply

Purchases need an alternate supply



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Rare Earths – Market Controls

Regulatory restrictions by China

- Imposes 10% export tariff in 2006
- Stops production for environmental non compliance in 2006, 2007 (current)
- Reduces export quota :**60kt** in 2004, **50kt** in 2005, **45kt** in 2006, **40kt** in 2007

Producer conundrum

- Current resources are Neodymium poor compared to Australian deposits
- Extra production to produce Nd, Dy, Pr oversupplies Ce & La

Customer conundrum

- Chinese Gov't controls the market, poor environmental governance
- Nolans and Mt Weld are the only near term economic resources
- Mountain Pass is not economic and faces huge regulatory issues

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The global market is differentiated

Asia – China, Japan, Korea

Phosphors for electronics

Eu, Tb

Magnets for motors

Nd-Pr-Dy

Specialist metals for electronics

Sm

Europe

Phosphors for electronics

Eu, Tb

Catalysts for emission controls

cerium

USA

Fluid cracking catalysts – petroleum

lanthanum

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The value chain is ripe for streamlining

Current HEV NdFeB Permanent Magnet Supply Chain

15,000 tonnes

RE Concentrates	Nd Oxide	Magnetic Powder	Permanent Magnets	Hybrid Transmissions	HEV Manufacturers		
AS Silmet (ES)	Shin-Etsu Chemical Co. (JP)	Shin-Etsu Chemical Co. (JP)	Shin-Etsu Chemical Co. (JP)	Aisin Seiki (JP)	Ford Motor Co. (US)		
Indian Rare Earth (IN)	Funing Rare Earth Industrial Co. (CH)	AS Silmet (ES)	Other Asian Magnet Manufacturers				
Founder Rare Earth Co. (CH)	Nippon Yttrium Co. (JP)	Baotou Showa Rare Earth Tech. Co. (CH)	European Magnet Manufacturers				
Baotou Damao Rare Earth Co. (CH)	Treibacher Industrie AG (AU)	Baotou Research Institute of RE (CH)	USA Magnet Manufacturers				
China Rare Earth Holdings (CH)	AS Silmet (ES)	Showa Denko (JP)	Next 10 largest suppliers in China with capacity > 300T/yr				
Baotou Hefa Rare Earth Co. (CH)	Indian Rare Earths (IN)	Less Common Metals (UK)				Yungshe Strong Magnet Material (CH)	
Baotou Rare Earth Hi Technology Co. (CH)	Ganfu Rare Earth Co (CH)	Santoku Metal Industry Co. (JP)				Tiayuan Tianhe Advanced Tech (CH)	
Gansu Rare Earth Material Co. (CH)	Baotou Damao Rare Earth Co. (CH)	Morgan Crucible Co. (UK)				TDK Hitachi-Metal JV (JP)	
Baotou Iron & Steel Co. (CH)	China Rare Earth Holdings (CH)	Neomax (JP)	Ningbo Heli Magnetic Technology Co. (CH)			Toyota Motor Co. (JP)	Toyota Motor Co. (JP)
	Baotou Hefa Rare Earth Co. (CH)	Baotou Iron & Steel Co. (CH)	Beijing Zongke Sanhuan Hi-Tech (CH)				
Rhodia Electronics & Catalysis (FR)	Guandong Zhujiang Rare Earth Co. (CH)	AMR Technologies Inc (CA)	Neomax (JP)	Honda Engineering Co. (JP)	Honda Motor Co. (JP)		
	Gansu Rare Earth Material Co. (CH)						

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Nolans Project

Multi commodity deposit

Rare Earths, Phosphate, Uranium....calcium (chloride)

18.6 mt resource (meets JORC guidelines)

Rare Earths

3.1% REO

577,000 t REO

Phosphate

14% P₂O₅

2.6mt P₂O₅

Uranium

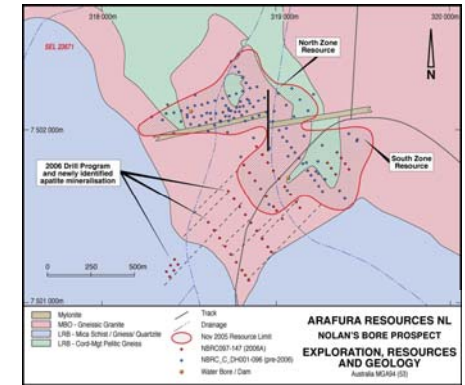
0.47 lb/t U₃O₈

8.7m lbs U₃O₈

Thorium

0.36% ThO₂

67,000 t ThO₂



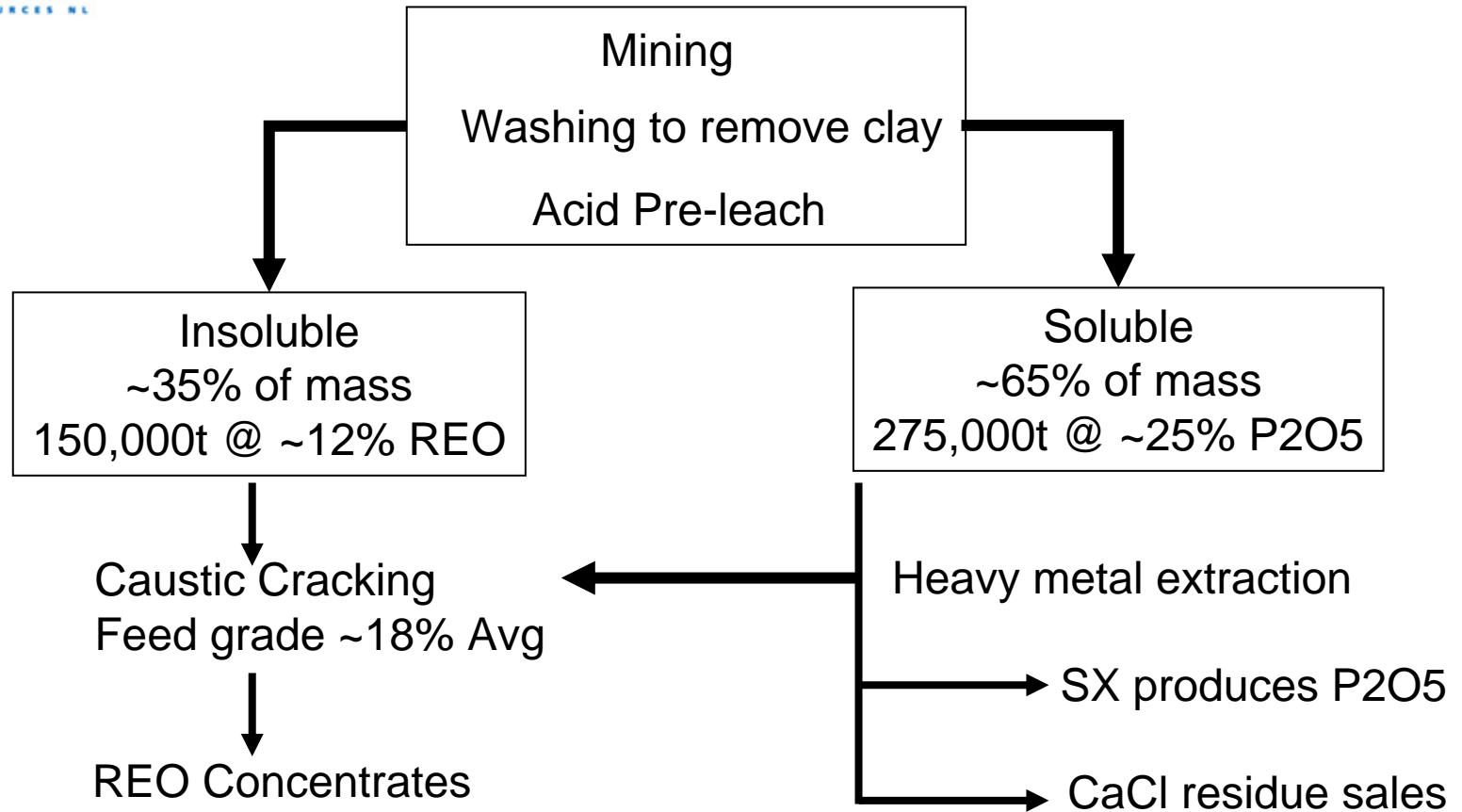
Resource has extensive upside potential

Exposed at the surface and has low cost mining

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Nolans Simplified Flow sheet



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Nolans cost & revenue projections

	Base Case	Upside Case
Mining rate (ore)	500ktpa	800 ktpa
Production targets		
REO	10,000	20,000
Phosphoric Acid	60,000	120,000
Calcium Chloride	250,000	500,000
Revenue		
REO (99% grade @US8/kg)	A\$100m	A\$200
Phosphoric acid	A\$35m	A\$70
Calcium Chloride	A\$35m	A\$70
Capital estimate	A\$150m	A\$250m

Upside case is 50% of the
Deficit in production in 2010

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Arafura Objectives

2007 “A partner for Nolans” ...and

Q1 Exploration results from Vanadium, JV's in gold

Q2 Met test results/scoping study for Nolans

Q3 Commence pilot plant, exploration results vanadium, gold, nickel

Q4 Pilot plant results

2008 Detailed engineering design

2009 Construction

2010 Production

END

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