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LAGOON CREEK URANIUM PROJECT RESULTS PROMISING

Drilling by Arafura Resources Ltd's and NuPower Resources Ltd's at the Lagoon Creek uranium project in the Northern Territory has delivered significant uranium results. The best intercept resulted in **5 metres** at **0.18% (3.9 lb/T) U_3O_8** with one interval assaying 9.1 lb/tonne. With uranium prices at US$85 per pound, 3.9 lb/tonne is valued at more than AUD$400 per tonne while the highest grade intercept of 9.1 lb/tonne has a value of more about AUD$950 per tonne.

The drilling program was undertaken by Toronto based Laramide Resources, as part of an agreement with Arafura where Laramide can earn a 60% interest in EL 23573 by spending $5.5 million on exploration over 5 years.

Arafura is currently demerging its uranium interests into NuPower which is scheduled to commence trading on the ASX early in March. Arafura and NuPower signed a memorandum of understanding to assign Arafura's interest in the Lagoon Creek project to NuPower on 23 February 2007. Arafura will retain a 10% interest in NuPower.

"Arafura's Board took a strategic decision to demerge the uranium assets of the company into NuPower Resources enabling Arafura to focus on the world-class Nolans rare earth specialty metals project. We are delighted that the results of this round of drilling support this decision," Arafura's Managing Director Alistair Stephens said.

"The results of our partner's Laramide Resource's drilling program are an excellent indication of the quality of this project, one of the key prospects in NuPower Resources' suite of uranium assets," NuPower Resources' Managing Director Dennis O'Neill said.

The 2818 metres of drilling were completed in 23 holes in the Northeast Westmoreland prospect area throughout October and November 2006.

Twenty nine samples have returned results in excess of 100 ppm (0.01%) U_3O_8 and a further 20 samples assayed 50-100 ppm U_3O_8. The highest uranium result was 0.42% between 127-128 metres in NEWM204. Significant intervals of uranium mineralisation (0.01% U_3O_8 cut-off) include:

- 5 metres at 0.18% (3.9 lb/T) U_3O_8 from 124 metres in NEWM204
- 5 metres at 0.06% (1.2 lb/T) U_3O_8 from 73 metres in NEWM222
- 4 metres at 0.02% (0.4 lb/T) U_3O_8 from 61 metres in NEWM217 and
- 2 metres at 0.05% (1.2 lb/T) U_3O_8 from 65 metres in NEWM216.

Laramide plans to conduct further drilling at Northeast Westmoreland during the 2007 field season commencing in about May-June. This will include core drilling to extend those holes which did not reach their target depths in 2006.

“To have NuPower start its independent corporate life with such an attractive and well developed project is a big bonus. NuPower can now focus on also growing shareholder value through our other Northern Territory uranium projects at Lucy Creek and in the Aileron Basins,” Mr O’Neill added.

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The Lagoon Creek project's geology and exploration history

Since mid-2005 Laramide has completed a high resolution airborne geophysical survey over EL 23573, obtained an Aboriginal Sacred Sites Clearance Certificate to cover its activities on the title, completed compilation of historical exploration data for the project area and undertaken interpretation of geological and geophysical data in the context of the previous exploration results, leading up to the 2006 field season.

Laramide also holds title to the Westmoreland uranium deposits on adjacent title across the Queensland border which defines the eastern boundary of EL 23573.

In 2006 Laramide established a new access track into the licence area, conducted ground radiometric surveys over uranium anomalies identified in the airborne data captured in 2005 and completed an initial phase of RC drilling at the Northeast Westmoreland prospect late in the year. The results reported here are derived from that drilling.

Previous exploration at Northeast Westmoreland established that uranium mineralisation is associated with a major NE trending fault variously named the Lagoon Creek Fault, the J-N Fault and the Northeast Westmoreland Fault by different explorers.

This structure parallels the Redtree Dyke Structure which controls uranium mineralisation at the Redtree and Junnagunna deposits across the Queensland border at Westmoreland. Mineralisation in these deposits occurs mainly as sandstone-hosted, sub horizontal lenses adjacent to the Dyke Structure either at the unconformity between the Westmoreland Conglomerate and overlying Seigal Volcanics or deeper in the Westmoreland Conglomerate. In addition some mineralisation occurs as vertical lenses in sandstone within and on the margins of the Dyke Structure.

At Northeast Westmoreland, the better uranium results have historically been obtained immediately adjacent to the Northeast Westmoreland Fault both in a siltstone unit at the unconformity between the Westmoreland Conglomerate and overlying Seigal Volcanics and also in one or more siltstone units, 20-70 metres stratigraphically deeper in the Conglomerate.

Laramide's drilling in 2006 was designed to explore both for extensions of the known flat-lying mineralisation in specific stratigraphic units; and also for mineralisation in the Northeast Westmoreland Fault and other steeply dipping structures which cross-cut or splay from the Fault.

The thicker intercepts between 124-129 metres in NEWM204 and 73-78 metres in NEWM222 represent the highest grade mineralisation discovered to date in their respective positions along the Fault. Historical drilling around these holes did not return such elevated results either at the unconformity horizon or in the "lower siltstone(s)".

These higher grade intercepts are significant because in both holes the mineralised interval appears to be hosted by a siltstone lens or horizon in the Westmoreland Conglomerate some 30-50 metres below the unconformity between the Conglomerate and the overlying Seigal Volcanics. The best historical intercepts of uranium mineralisation elsewhere in the Northeast Westmoreland prospect area (up to 2.4% U_3O_8 over 1 metre) are also associated with siltstone horizons deeper in the Westmoreland Conglomerate.

The information in this release that relates to exploration results and geological interpretation 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 sufficient experience with the style of mineralisation being reported to qualify as a Competent person as defined in the *Australasian Code for Reporting of Mineral Resources and Ore Reserves* (JORC Code) for reporting exploration results. Mr Goulevitch acts as Consulting Geologist to Arafura Resources NL. 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 and NuPower Resources.