



## **ARAFURA EXPANSION DRILLING SUCCESS: MORE RARE EARTHS AT NOLANS BORE**

### **HIGHLIGHTS:**

- **Substantial rare earths mineralisation encountered at depth at Nolans Bore;**
- **The best mineralised intercepts include:**
  - **31.7 metres @ 2.3% REO, 10.4% P<sub>2</sub>O<sub>5</sub> and 0.39 lb/t U<sub>3</sub>O<sub>8</sub> from 161.9 metres in NBRD101**
  - **29.8 metres @ 3.5% REO, 15.4% P<sub>2</sub>O<sub>5</sub> and 0.57 lb/t U<sub>3</sub>O<sub>8</sub> from 126.1 metres in NBRD103**
  - **16.0 metres @ 4.4% REO, 21.4% P<sub>2</sub>O<sub>5</sub> and 0.73 lb/t U<sub>3</sub>O<sub>8</sub> from 233.4 metres in NBRD103**
  - **37.5 metres @ 3.7% REO, 17.0% P<sub>2</sub>O<sub>5</sub> and 0.65 lb/t U<sub>3</sub>O<sub>8</sub> from 154.0 metres in NBRD104**
  - **17.3 metres @ 4.5% REO, 22.1% P<sub>2</sub>O<sub>5</sub> and 0.81 lb/t U<sub>3</sub>O<sub>8</sub> from 218.1 metres in NBRD104**

Australian rare earths company **Arafura Resources Limited (ASX: ARU)** (**Arafura** or **the Company**) today confirms the presence of substantial rare earths mineralisation at depth at its 100 per cent owned Nolans Bore deposit in the Northern Territory.

Arafura is nearing the end of its 2011 resource development drill program that was designed, in part, to comprehensively test the Nolans Bore rare earths resource to a maximum total drilled depth of about 250 metres. Assays from four drill holes west and north-west of Nolan's Bore (Figure 1: NBRD100-101 and NBRD103-104) are the first results outside the deposit's Central North Zone from this systematic deep drilling campaign.

Shallow RC assay results from these holes were reported in 2006 (ASX: ARU 9/10/2006), indicating patchy rare earths mineralisation in this part of the deposit. However assay results from deep diamond core extensions to these holes drilled in the current program (Table 1) confirms the presence of significant rare earths mineralisation at depth.

Much of this deeper mineralisation is likely to constitute new JORC resources in a revised estimate for Nolans Bore, anticipated by the end of 2011. Elsewhere across the deposit, geological and radiometric logging of diamond core from the current campaign further confirms widespread rare earths mineralisation at depth.

Assay results from drill holes NBRD103 and NBRD104 stand out. They indicate that rare earths mineralisation is still open at depth in this area and, when taken together with shallow rare earth assays reported for holes NBRC899 and NBRC900

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(ASX: ARU 28/7/2011, and Figure 1), provides evidence for a substantial north-south zone of strong rare earths mineralisation in the central part of the deposit.

Several 100-metre spaced east-west traverses of diamond core drilling are in progress to evaluate the extent and nature of this zone. This drilling will be completed by mid-September.

Arafura's Managing Director and CEO, Dr Steve Ward, said, "Assays from deeper mineralised drill intercepts reported today are highly encouraging and, consistent with our view that the rare earths market will remain in undersupply this decade, very important in the context of assessing the extent of value creating expansion opportunities an increased resource at Nolans Bore may provide."

"By the end of the current campaign, we will have completed almost 100 kilometres of drilling of all types at Nolans Bore, representing a very substantial investment by the Company that reflects the quality of the asset," he added.

"Arafura has a number of work streams in progress as part of the Nolans Project Bankable Feasibility Study (BFS). Completing the expansion drilling program on schedule demonstrates our determination to complete the BFS as soon as possible, as we work towards securing project finance by the end of 2012."

- ENDS -

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**Competent Person's Statement**

The information in this release that relates to exploration results and geological interpretation has been compiled by Mr Kelvin Hussey BSc (Hons) MAIG.

Mr Hussey is a Member 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 these exploration results. Mr Hussey is a full-time employee of Arafura Resources Limited. He consents to the inclusion in this report of the contained technical information in the form and context in which it appears.

**Table 1: 2011 Diamond (Core) Drilling Results, Nolans Bore**

HOLE NO.	FROM metres	TO metres	INTERVAL metres	TOTAL REO** %	P <sub>2</sub> O <sub>5</sub> ** %	U <sub>3</sub> O <sub>8</sub> ** lb/t***
<b>NBRD100</b>	83.90	85.10	1.2	2.4	8.9	0.22
	96.90	107.30	10.4	2.7	13.2	0.32
	179.00	180.80	1.8	6.4	25.9	1.09
	204.25	212.75	8.5	2.8	13.6	0.78
		<b>TOTAL</b>	<b>21.9</b>	<b>3.0</b>	<b>14.2</b>	<b>0.56</b>
<b>NBRD101</b>	161.90	193.60	31.7	2.3	10.4	0.39
	215.00	227.40	12.4	2.3	10.9	0.46
	229.85	231.35	1.5	1.9	9.2	0.36
		<b>TOTAL</b>	<b>45.6</b>	<b>2.3</b>	<b>10.5</b>	<b>0.40</b>
<b>NBRD103</b>	89.0	105.00	16.0	3.1	13.8	0.46
	114.55	118.75	4.2	4.0	15.7	0.60
	126.10	155.90	29.8	3.5	15.4	0.57
	165.20	171.20	6.0	5.6	28.1	0.88
	204.90	206.90	2.0	3.2	14.3	0.52
	218.90	220.00	1.1	2.9	14.4	0.43
	233.40	249.40	16.0	4.4	21.4	0.73
		<b>TOTAL</b>	<b>75.1</b>	<b>3.8</b>	<b>17.3</b>	<b>0.61</b>
<b>NBRD104</b>	107.25	114.05	6.8	1.7	7.3	0.26
	126.30	144.30	18.0	3.0	15.5	0.53
	154.00	191.50	37.5	3.7	17.0	0.65
	218.10	235.40	17.3	4.5	22.1	0.81
	239.90	241.90	2.0	2.5	12.3	0.34
	247.20	249.70	2.5	4.2	22.3	0.84
		<b>TOTAL</b>	<b>84.1</b>	<b>3.5</b>	<b>17.0</b>	<b>0.62</b>

HOLE NO.	EAST metres	NORTH metres	RL metres	INCLINATION °	AZIMUTH °	TOTAL DEPTH metres
<b>NBRD 100</b>	319012.1	7501719.3	657.82	-60	145	249.6
<b>NBRD 101</b>	318987.6	7501759.3	657.46	-60	145	252.6
<b>NBRD 103</b>	318919.3	7501859.1	657.63	-60	145	249.4
<b>NBRD 104</b>	318886.5	7501907.5	657.79	-60	145	250

Notes:

- Results based on a 1% REE cut-off grade in the assay samples with limited internal dilution in the intercepts;
- Total REO assays do not include Yttrium (Y);
- Assay samples were selected on the bases of geological and radiometric logging and are representative of the various rock types and mineralisation styles intersected in drill core. Assay samples are half-core samples of NQ2 core ranging in length from about 0.25 to 2 metres. Samples were prepared and analysed using the same procedures and analytical techniques (3-acid digest, ICP-OES/MS) that were used in all previous drill programs at Nolans Bore;
- Mineralised drill intercepts are reported to the nearest 10 centimetres;
- Isolated mineralised drill intercepts of less than 1 metre thickness are not reported;
- Diamond (core) drilling starts at 95.9 metres in drill hole NBRD103. 89.0-95.9 metres is RC;
- Drill hole collar coordinates are in MGA94 Zone 53.

\*\* Analytical data subject to confirmation by duplicate sampling and inter-laboratory analyses.

\*\*\* 1 lb/t U<sub>3</sub>O<sub>8</sub> equals 0.0454% U<sub>3</sub>O<sub>8</sub>



