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**AN EMERGING
RARE EARTHS
PRODUCER
FOR USERS
WORLDWIDE**

NOLANS RARE EARTHS MIX POWERS THROUGH US\$100 PER KG LEVEL

(Now at US\$109.72)

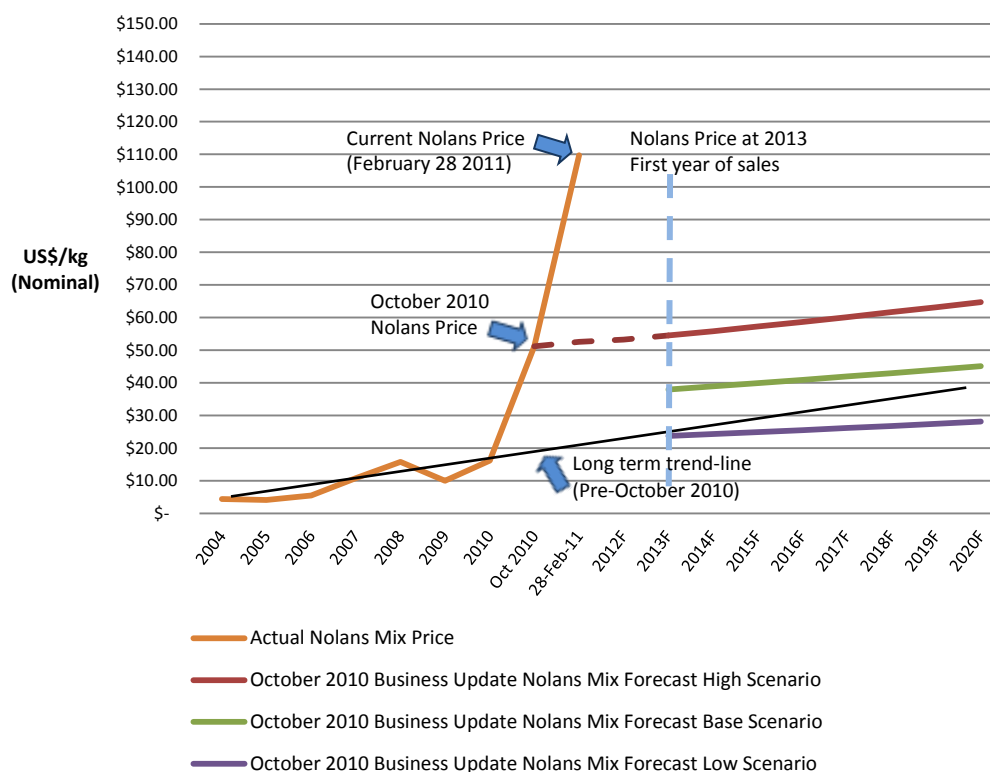
Australian rare earths company **Arafura Resources Limited (ASX: ARU)** (**Arafura** or **the Company**) today announced there have been further significant increases in the prices of Rare Earths quoted by Metal Pages, UK. The price for 1 kg of Nolans product has risen to US\$109.72 which equates to approximately US\$3,072 per tonne of in-situ ore, and is a further 11% increase from the price released recently on Thursday 24 February (US\$98.68).

Prices continue to move upwards as global markets remain tight and re-adjust to China's recent announcement of further reductions in Rare Earth export quotas for the first half of 2011. China currently supplies 97% of all rare earths to the global economy. There are very limited new supply opportunities available to meet the world's growing demand in the short to medium term. Arafura is positioned to be one of these new suppliers via its flagship Nolans Project, with production planned to commence in 2013. The Nolans Project Bankable Feasibility Study will be completed later in 2011.

In October 2010, Arafura released a Business Update (ASX: ARU 12/10/10) which showed the NPV for the Nolans Project to be more than A\$4.0 billion at a price of US\$38/kg (2013 basis) for Rare Earths. The NPV increased to A\$6.6 billion for a Rare Earths price of US\$54/kg ('High Scenario'). The latest Rare Earths price of US\$109.72/kg is now more than double the 'High Scenario' which was modelled. At latest prices, annual sales revenue from Rare Earths alone would break through the US\$2 billion level and be close to US\$2.2 billion. This obviously has a very positive upward impact on value creation and the Nolans Project NPV.

The price trends modelled in October 2010 and actual prices are shown below.

Historical and Forecast Prices - The Nolans Mix



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Dr Steve Ward, Arafura's Managing Director and CEO, commented, "This is further demonstration of the very positive outlook for Rare Earths. Arafura is poised to become one of the very few new supply sources outside of China via our world class Nolans Project. We believe the current and forecast market dynamics of supplies remaining tight create a wonderful opportunity for the Company. The potential value creation from the Nolans Project is immense, particularly as Rare Earth prices continue to rise."

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