

21 March 2011

FURTHER PRICE RISES FOR NOLANS RARE EARTHS

(Now at US\$120.55 per kg Mix)

Australian rare earths company **Arafura Resources Limited (ASX: ARU)** (**Arafura** or **the Company**) today announced there have been further substantial increases in the prices of Rare Earths quoted by UK-based Metal Pages. The price for 1 kg of Nolans product has now risen to US\$120.55 which equates to approximately US\$3,375 per tonne of in-situ ore.

The individual Rare Earth Oxide prices are shown in the table below.

	Nolans REO Distribution	2010 Average	Dec-10	Jan-11	Feb-11	18-Mar-11
Lanthanum Oxide	19.74%	\$24.63	\$60.00	\$62.00	\$93.00	\$96.00
Cerium Oxide	47.53%	\$23.18	\$61.00	\$67.00	\$96.00	\$96.00
Praseodymium Oxide	5.82%	\$48.60	\$86.50	\$90.50	\$141.00	\$156.00
Neodymium Oxide	21.20%	\$49.85	\$87.00	\$104.50	\$149.00	\$170.00
Samarium Oxide	2.37%	\$17.44	\$34.50	\$61.00	\$91.00	\$94.00
Europium Oxide	0.40%	\$557.08	\$630.00	\$630.00	\$770.00	\$820.00
Gadolinium Oxide	1.00%	\$23.53	\$45.00	\$68.50	\$105.00	\$130.50
Dysprosium Oxide	0.33%	\$232.96	\$295.00	\$365.00	\$467.00	\$517.00
Terbium Oxide	0.08%	\$542.08	\$605.00	\$630.00	\$780.00	\$810.00
Yttrium Oxide	1.32%	\$28.83	\$72.50	\$77.50	\$105.50	\$127.50
Weighted Average Nolans Value	100.00%	\$33.74	\$70.52	\$78.89	\$113.63	\$120.55

"Arafura remains on track to deliver first production in 2013 of an annualised 20,000 tonnes of Rare Earth Oxides from our Nolans Project," Dr Steve Ward, Arafura's Managing Director and CEO, commented. "We are one of only a few potential rare earth producers which can meet growing non-Chinese demand in the short- to medium-term. We are currently in detailed discussions with non-Chinese major users around the world as they realise the strategic importance of rare earths to their own business aspirations."

China currently produces about 97% of the world's rare earths and has embarked on a program to reduce export quotas to retain product for domestic consumption. This exacerbates the already tight supply conditions in regions outside of China.

Dr Ward added, "Following our successful capital raising of A\$90 million in the latter part of 2010, Arafura continues to advance its work programs at full pace to deliver the Nolans Project Bankable Feasibility Study, as evidenced by our recent announcement of the appointment of a key engineering contractor. Despite uncertain global financial markets, and the tragic events in Japan (a major user of rare earths), the funds raised last year put us in a great position to move forward with our schedule."

"It is becoming clearer that the era of low priced Rare Earths is behind us. We believe the current and forecast market dynamics of supplies remaining tight create a wonderful opportunity for Arafura."

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