

EXPLORATION DRILLING DELIVERS ARAFURA NEW RARE EARTHS DISCOVERY NEAR NOLANS BORE

HIGHLIGHTS:

- New discovery of rare earths mineralisation during first-pass RC drilling of geophysical targets located 0.5-1.0 kilometres beyond the eastern limit of the Nolans Bore rare earths resource;
- The best mineralised intercepts include:
 - 28 metres @ 2.6% REO, 2.6% P₂O₅ and 0.36 lb/t U₃O₈ from 92 metres in NBRC1050; and
 - 23 metres @ 1.8% REO, 2.7% P₂O₅ and 0.19 lb/t U₃O₈ from 39 metres in NBRC1049;
- These results are very encouraging for rare earths exploration of similar geophysical targets on land controlled by Arafura in the district.



Australian rare earths company **Arafura Resources Limited** (ASX: ARU) (**Arafura** or **the Company**) today confirms the discovery of new rare earths mineralisation located during shallow RC exploration drilling near its 100 per cent owned Nolans Bore rare earths deposit in the Northern Territory.

In conjunction with the recently completed resource development drill program at Nolans Bore, a limited campaign of drilling was designed to test rare earth exploration targets close to the Nolans Bore deposit (Figure 1). Twelve shallow RC drill holes (totaling 1,440 metres) were drilled on three widely-spaced drill sections to test two extensive concealed geophysical exploration targets. These targets were generated from airborne surveys commissioned by Arafura during the 2008 field season.

The best intersections of rare earths mineralisation were discovered in two adjacent drill holes (Figure 1 and Table 1: NBRC1049 and NBRC1050) collared about 60 metres apart along a drill traverse located about 500 metres north-east of the northern-most extent of the Nolans Bore resource. This mineralisation appears to have both lateral and down dip potential, and geochemical characteristics similar to those observed at Nolans Bore.

Drill testing of a second geophysical target about 500 metres to the south-east (Figure 1) was undertaken along two RC drill traverses spaced about 300 metres apart. A number of low-grade intercepts of rare earths mineralisation were encountered within altered rocks that are commonly observed in the Nolans Bore deposit. The best of these intercepts is 14 metres @ 0.44% REO (from 106 metres) in drill hole NBRC1062.

ARAFURA RESOURCES LIMITED

arafura@arafuraresources.com.au www.arafuraresources.com.au ABN 22 080 933 455

PERTH: Level 5/16 St Georges Tce, Perth WA 6000 | PO Box 3047, Adelaide Terrace, Perth WA 6832 T: +618 6210 7666 F: +618 9221 7966

DARWIN: 18 Menmuir St, Winnellie NT 0820 | PO Box 37220, Winnellie NT 0821 T: +618 8947 5588 F: +618 8947 5599

WHYALLA: Unit 18, 11 Darling Tce, Whyalla SA 5600 T: +618 8645 5509 F: +618 8645 1856



Including the drill intersections reported above, highly encouraging rare earths mineralisation has now been discovered around the Nolans Bore deposit within an area measuring 3.5 x 1.5 kilometres in extent.

Arafura's Managing Director and CEO, Dr Steve Ward, said, "We are delighted with these results. Arafura's exploration team has successfully pinpointed additional rare earths using targeting concepts developed over a number of years working on one of the world's premier rare earth resources at Nolans Bore. We're confident our extensive land position around Nolans Bore holds potential for additional rare earth discoveries, and a systematic assessment of these opportunities over time remains an important part of our vision to be the recognised leading producer of rare earths for users worldwide.

We remain on track to publish the full results from the 2011 drilling campaign and an accompanying updated JORC resource statement by the end of this year."

- ENDS -

For further information contact:

Dr Steve Ward
Managing Director & CEO
Arafura Resources Ltd
T: +61 8 6210 7666

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 RC Exploration Drilling Results, Nolans Bore area

HOLE NO.	FROM metres	TO metres	INTERVAL metres	TOTAL REO** %	P ₂ O ₅ ** %	U ₃ O ₈ ** lb/t***
NBRC 1049	13	16	3	1.3	2.7	0.16
	39	62	23	1.8	2.7	0.19
	TOTAL		26	1.8	2.7	0.19
NBRC 1050	92	120	28	2.6	2.6	0.36
	TOTAL		28	2.6	2.6	0.36

HOLE NO.	EAST metres	NORTH metres	RL metres	INCLINATION °	AZIMUTH °	TOTAL DEPTH metres
NBRC 1048	319632.5	7502516.3	657.2	-60	145	120
NBRC 1049	319596.7	7502566.4	657.1	-60	145	120
NBRC 1050	319562.0	7502615.7	657.3	-60	145	120
NBRC 1059	319527.8	7502664.8	656.5	-60	145	120
NBRC 1060	319493.5	7502714.0	655.9	-60	145	120
NBRC 1061	320466.7	7502370.1	658.6	-60	145	120
NBRC 1062	320432.0	7502419.1	658.6	-60	145	120
NBRC 1063	320398.1	7502468.3	658.3	-60	145	120
NBRC 1064	320763.2	7502504.5	659.5	-60	145	120
NBRC 1065	320728.8	7502553.5	659.4	-60	145	120
NBRC 1066	320694.5	7502602.5	659.5	-60	145	120
NBRC 1067	320660.3	7502651.6	659.9	-60	145	120

Notes:

- Results based on a 0.5% REE cut-off grade in the assay samples with limited internal dilution in the intercepts;
- Total REO assays do not include Yttrium (Y);
- Assay sample intervals were selected on the bases of geological and radiometric logging of individual 1 metre RC drill samples. Assay sample intervals range from 1 metre 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;
- Drill hole collar coordinates are in MGA94 Zone 53.

** Analytical data subject to confirmation by inter-laboratory analyses.

*** 1 lb/t U₃O₈ equals 0.0454% U₃O₈

