ASX RELEASE

13 October 2011

DRILLING CONFIRMS DEEP EXTENSIONS TO RARE EARTHS MINERALISATION AT NOLANS BORE

HIGHLIGHTS:

- **Significant intercepts of rare earths mineralisation have been discovered during deep diamond core drilling across the northern part of the Nolans Bore deposit;**
- **The best drill intercepts include**
  - **86.4 metres @ 1.4% REO, 6.7% P_2O_5 and 0.27 lb/t U_3O_8 from 232.4 metres in NBRD209**
  - **78.4 metres @ 1.9% REO, 11.0% P_2O_5 and 0.29 lb/t U_3O_8 from 131.0 metres in NBRD918**
  - **69.2 metres @ 2.4% REO, 12.0% P_2O_5 and 0.46 lb/t U_3O_8 from 147.1 metres in NBRD821**
  - **65.6 metres @ 1.7% REO, 7.8% P_2O_5 and 0.28 lb/t U_3O_8 from 182.0 metres in NBRD291**
  - **60.7 metres @ 1.9% REO, 8.0% P_2O_5 and 0.31 lb/t U_3O_8 from 195.6 metres in NBRD292**
  - **55.4 metres @ 3.3% REO, 15.1% P_2O_5 and 0.68 lb/t U_3O_8 from 194.6 metres in NBRD841**
  - **50.9 metres @ 3.2% REO, 14.7% P_2O_5 and 0.55 lb/t U_3O_8 from 195.6 metres in NBRD044;**
- **These intercepts support existing geological models for the northern part of the deposit and complement previous JORC Inferred Resources;**
- **These results will be considered for inclusion in a revised estimate of JORC resources for Nolans Bore, due by the end of the year;**
- **The mineralisation remains open at depth.**

Australian rare earths company **Arafura Resources Limited** (**ASX: ARU**) (**Arafura** or **the Company**) today reports the discovery of significant intercepts of rare earths mineralisation in deep diamond core drilling beneath the northern part of its 100 per cent owned Nolans Bore deposit in the Northern Territory.

Deep diamond core drilling was a key component of a seven month, systematic campaign of resource drilling at Nolans Bore this year. One of the objectives of the program was to investigate the extent of the Nolans Bore resource, including at depth, for assessment of future expansion capacity.

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

Two deeper diamond core tails (NBRD209 and NBRD292) were drilled on adjacent sections about 80 metres apart in the northern part of the deposit (Figure 1). They were designed to test the down-dip potential for rare earths mineralisation beneath the Central North Zone. Geological logging and assay results confirm the down-dip extension of the current geological model (Table 1; Figures 2 and 3) and highlight new intervals of rare earths mineralisation well beyond the extents of the current JORC resource boundary.

Assay results from 13 diamond core tails in the northern part of the deposit (Table 1 and Figure 1) highlight a wide zone of rare earths mineralisation at depth along more than 400 metres of strike length below approximately 500m RL (i.e. 150m below surface). They support existing geological models and validate the presence of previously Inferred Resources in this part of the deposit (ASX: ARU 11/11/2008). Mineralised intervals (assays pending) have also been geologically logged at depth in diamond core tails from drill holes collared to the west of hole NBRD922, potentially adding another 300 metres of strike length (Figure 1).

Arafura previously confirmed that substantial rare earths mineralisation had been encountered at depth elsewhere across the deposit (ASX: ARU 22/08/2011). The deep mineralised intercepts reported here will be considered for inclusion in a revised Statement of Identified Mineral Resources for Nolans Bore.

Arafura's Managing Director and CEO, Dr Steve Ward, said, "The 2011 drill program continues to deliver a number of exciting results at Nolans Bore, as well as newly identified mineralisation close by. These latest results are a tribute to Arafura's dedicated geological team who recommended the pursuit of rare earths mineralisation at depth. The extent of mineralisation is very impressive and bodes well for what is already a world-class resource at Nolans Bore."

"We look forward to completing all outstanding work streams from the 2011 drill program, and to issuing an updated resource statement by year's end," he added.

- 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 Drilling Results, Nolans Bore

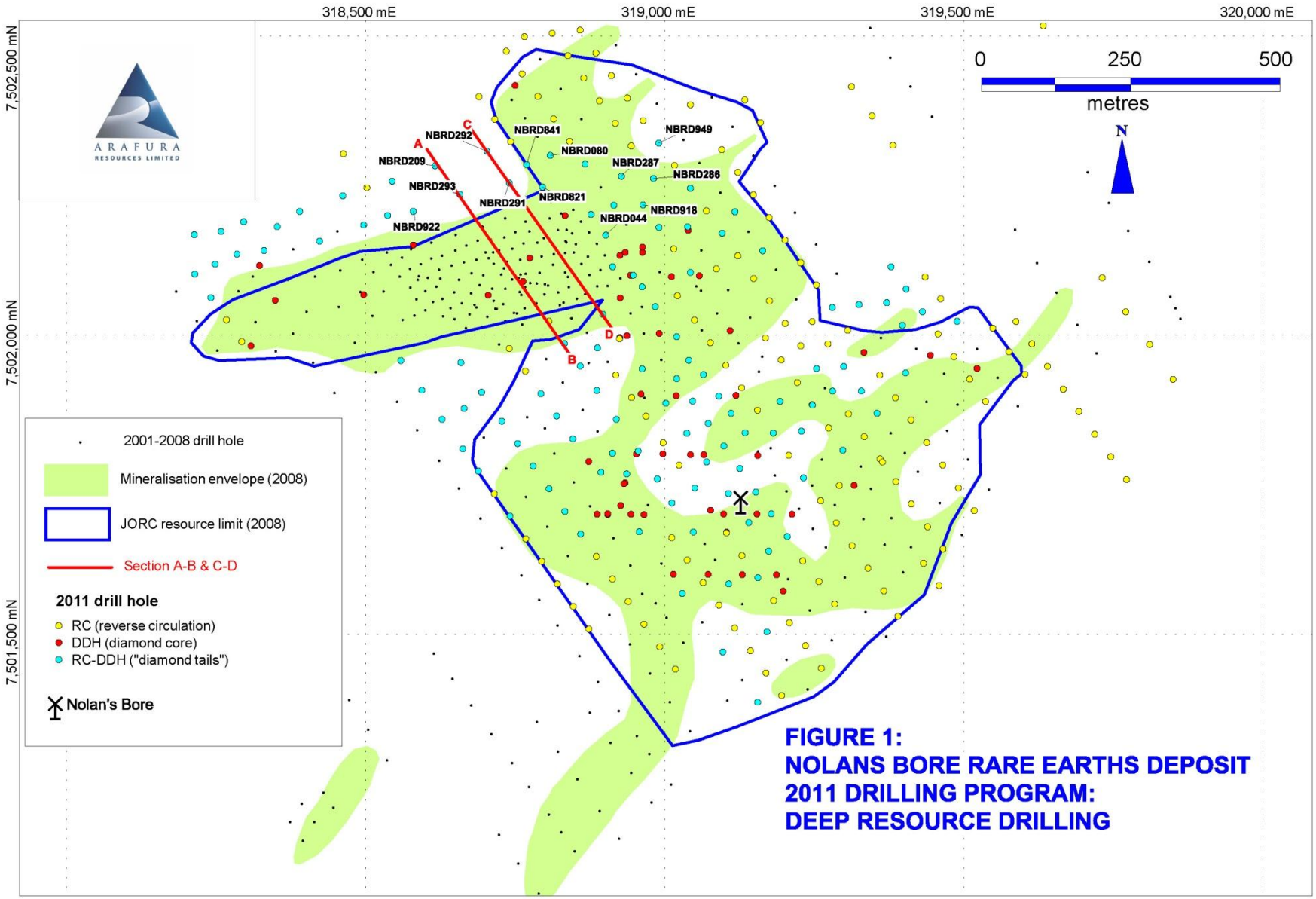
HOLE NO.	FROM metres	TO metres	INTERVAL metres	TOTAL REO** %	P_2O_5** %	U_3O_8** lb/t***
NBRD 044	195.6	246.5	50.9	3.2	14.7	0.55
NBRD 080	175.8	235.2	59.4	1.8	7.9	0.31
NBRD 209	232.4	318.8	86.4	1.4	6.7	0.27
NBRD 286	201.5	238.0	36.5	2.3	10.7	0.42
NBRD 287	226.2	248.5	22.3	2.9	13.5	0.56
NBRD 291	182.0	247.5	65.6	1.7	7.8	0.28
NBRD 292	237.6	298.3	60.7	1.9	8.0	0.31
and	329.1	338.3	9.2	2.3	10.9	0.39
NBRD 293	184.7	228.3	43.6	1.8	7.9	0.32
NBRD 821	147.1	216.3	69.2	2.4	12.0	0.46
NBRD 841	194.6	250.0	55.4	3.3	15.1	0.68
NBRD 918	131.0	209.4	78.4	1.9	11.0	0.29
NBRD 922	153.6	199.1	45.5	1.8	8.4	0.33
NBRD 949	187.9	218.5	30.7	2.1	9.3	0.34

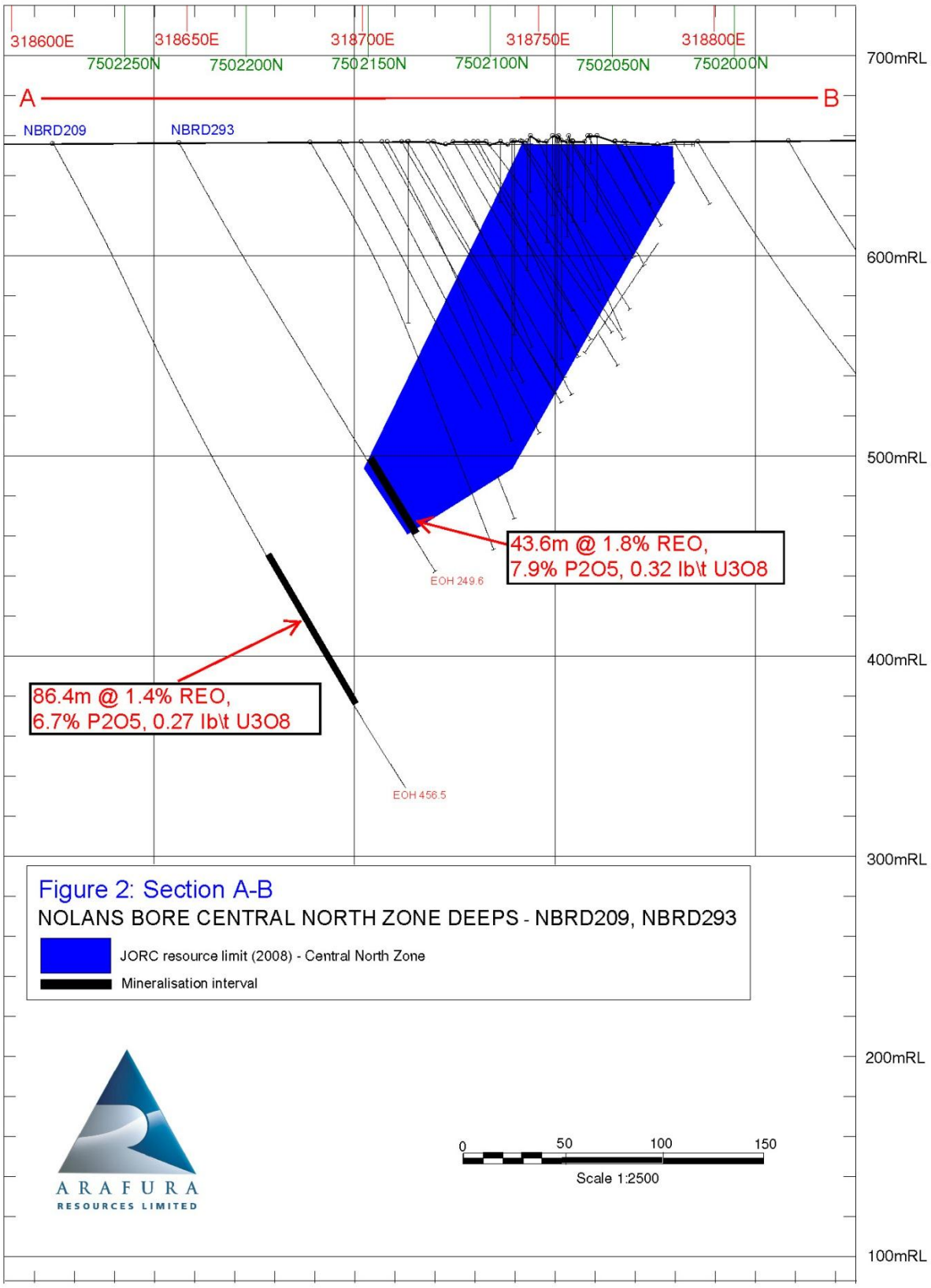
HOLE NO.	EAST metres	NORTH metres	RL metres	INCLINATION °	AZIMUTH °	TOTAL DEPTH metres
NBRD 044	**318900.9**	**7502166.6**	**657.0**	**-60**	**145**	**249.7**
NBRD 080	**318809.0**	**7502300.1**	**656.4**	**-60**	**145**	**270.4**
NBRD 209	**318616.5**	**7502282.8**	**656.0**	**-60**	**145**	**456.5**
NBRD 286	**318981.2**	**7502261.4**	**656.6**	**-60**	**145**	**250.0**
NBRD 287	**318927.8**	**7502265.1**	**657.0**	**-60**	**145**	**250.0**
NBRD 291	**318740.6**	**7502254.0**	**657.0**	**-60**	**145**	**249.7**
NBRD 292	**318702.9**	**7502307.3**	**656.5**	**-60**	**145**	**492.4**
NBRD 293	**318657.9**	**7502234.8**	**656.5**	**-60**	**145**	**249.6**
NBRD 821	**318795.5**	**7502247.1**	**657.0**	**-60**	**145**	**228.6**
NBRD 841	**318769.3**	**7502284.7**	**657.2**	**-60**	**145**	**250.3**
NBRD 918	**318963.8**	**7502217.5**	**656.6**	**-60**	**145**	**243.6**
NBRD 922	**318579.9**	**7502206.4**	**656.6**	**-60**	**145**	**250.0**
NBRD 949	**318990.2**	**7502320.7**	**655.9**	**-60**	**145**	**252.8**

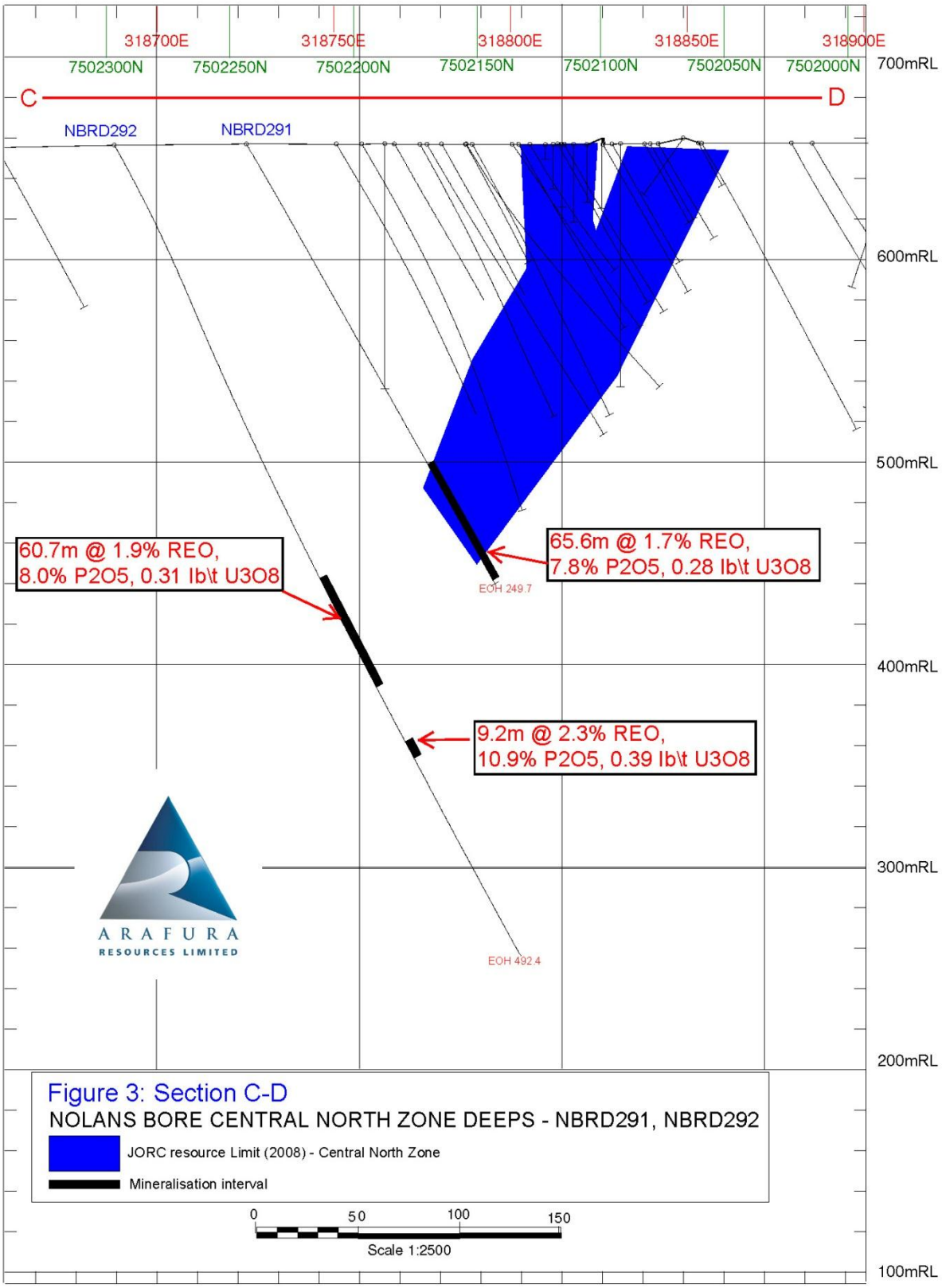
Notes:

- The intercepts listed above encompass the full width of the Central North Zone (CNZ) lode and have been selected to demonstrate the continuity of the CNZ lode at depth below 500m RL. A cut-off grade of 0.5% REE has been applied to define the outer limits of the lode. Some intercepts include zones of internal waste within the lode. Broader bands of internal waste will be excluded from later estimates of identified resources. This should lead to an increase in grade of the resources above those listed in the table. Zero grade has been applied to all intervals of core loss within the lode;
- Total REO assays do not include Yttrium Oxide (Y_2O_3);
- Assay samples were selected on the bases of geological and radiometric logging and are representative of the various rock types and mineralisation styles intersected. RC assay samples (NBRC 918, 131-150m) range from 1 metre to 2 metres. Drill core assay intervals are rounded to the nearest 0.1 metres and are representative half-core samples of HQ3 and NQ2 core ranging in length from about 0.25 to 2 metres. Sample intervals rarely exceed 2.5 metres and only in unmineralised intervals. 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 U_3O_8 equals 0.0454% U_3O_8


318,500 mE
319,000 mE
319,500 mE
320,000 mE
7,502,500 mN
7,502,000 mN
7,501,500 mN
ARAFURA
RESOURCES LIMITED
0
250
500
metres
N
A
B
C
D
NBRD292
NBRD209
NBRD293
NBRD922
NBRD291
NBRD841
NBRD080
NBRD821
NBRD949
NBRD287
NBRD286
NBRD044
NBRD918
2001-2008 drill hole
Mineralisation envelope (2008)
JORC resource limit (2008)
Section A-B & C-D
2011 drill hole
RC (reverse circulation)
DDH (diamond core)
RC-DDH ("diamond tails")
Nolan's Bore
FIGURE 1:
NOLANS BORE RARE EARTHS DEPOSIT
2011 DRILLING PROGRAM:
DEEP RESOURCE DRILLING


318600E
318650E
318700E
318750E
318800E
7502250N
7502200N
7502150N
7502100N
7502050N
7502000N
A
B
NBRD209
NBRD293
700mRL
600mRL
500mRL
400mRL
300mRL
200mRL
100mRL
43.6m @ 1.8% REO,
7.9% P2O5, 0.32 lb\t U3O8
EOH 249.6
86.4m @ 1.4% REO,
6.7% P2O5, 0.27 lb\t U3O8
EOH 456.5
Figure 2: Section A-B
NOLANS BORE CENTRAL NORTH ZONE DEEPS - NBRD209, NBRD293
JORC resource limit (2008) - Central North Zone
Mineralisation interval
ARAFURA
RESOURCES LIMITED
0
50
100
150
Scale 1:2500


318700E
318750E
318800E
318850E
318900E
7502300N
7502250N
7502200N
7502150N
7502100N
7502050N
7502000N
700mRL
600mRL
500mRL
400mRL
300mRL
200mRL
100mRL
C
D
NBRD292
NBRD291
60.7m @ 1.9% REO,
8.0% P2O5, 0.31 lb\t U3O8
65.6m @ 1.7% REO,
7.8% P2O5, 0.28 lb\t U3O8
EOH 249.7
9.2m @ 2.3% REO,
10.9% P2O5, 0.39 lb\t U3O8
EOH 492.4
ARAFURA
RESOURCES LIMITED
Figure 3: Section C-D
NOLANS BORE CENTRAL NORTH ZONE DEEPS - NBRD291, NBRD292
JORC resource Limit (2008) - Central North Zone
Mineralisation interval
0
50
100
150
Scale 1:2500