

GOLD & PGEs ADD A NEW DIMENSION TO ARAFURA'S JERVOIS VANADIUM PROJECT

Highlights

- **Additional assaying of magnetite-rich samples from 2008 RC drilling program defines high grade Fe-V-Ti zones at a further three prospects and discovers anomalous Au-Pt-Pd mineralisation;**
- **New assays of vanadium-bearing magnetite mineralisation from the Casper, Coco, Prince and RD prospects average 0.45% V₂O₅, 22.2% Fe and 4.76% TiO₂;**
- **Significant Fe-V-Ti drill intervals include:**
 - **35 metres at 0.6% V₂O₅ in UNRC043 at Coco,**
 - **23 metres at 0.5% V₂O₅ in UNRC044 at Coco, and**
 - **34 metres at 0.4% V₂O₅ in UNRC057 at RD;**
- **Concentrate grades from drill samples average 1.45% V₂O₅, 65.9% Fe and 3.78% TiO₂;**
- **Anomalous Au-Pt-Pd results include:**
 - **47 metres from 26 metres at 0.6 g/t Au+Pt+Pd (including 4 metres at 1.4 g/t) in UNRC032 at Casper,**
 - **16 metres from 47 metres at 0.5 g/t Au+Pt+Pd in UNRC057 at RD, and**
 - **15 metres from 70 metres at 0.4 g/t Au+Pt+Pd in UNRC052 at RD.**

Australian Rare Earths company, **Arafura Resources Limited (ASX: ARU)** ("Arafura" or "the Company") has been exploring its Jervois Project for magnetite-hosted vanadium mineralisation since 2005. The project is located approximately 290 kilometres north-east of Alice Springs in the Northern Territory (Figure 1).

A reconnaissance drill program in 2006 encountered several significant intervals of vanadium-bearing magnetite mineralisation. Assay, recovery and metallurgical results from the 2006 program were reported by Arafura in 2007 (ARU: ASX 19/06/07; 11/07/07).

A second-phase drill program, comprising 45 RC holes for 4,840 metres, was completed in 2008 to better outline the extent of mineralisation intersected in 2006, and to test new target areas. Drill hole depths ranged from 40 metres to 120 metres, and the majority of holes were inclined at 60° to the west. As was the case in 2006, a number of substantial intersections of strong magnetite mineralisation were made.

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 Terrace, Whyalla SA 5600 | PO Box 511, Whyalla SA 5600 T: +618 8645 5509 F: +618 8645 1856



Initial Fe-V-Ti assay results from this program were reported in 2010 (ARU: ASX 29/07/10).

No field-based exploration has been conducted at Jervois since the completion of the 2008 field program due to the Company's focus on its flagship, the Nolans Rare Earths Project. However, the Company has continued to carry out geochemical investigations of the drill samples from the 2008 program to meet its statutory obligation to keep the Jervois Project tenements in good standing.

The second batch of Fe-V-Ti assay and recovery results from the 2008 drill program are presented here along with results of initial assaying of selected drill samples for gold and platinum group elements (PGEs – platinum Pt and palladium Pd). PGEs are often found associated with Fe-V-Ti mineralisation in layered ultramafic rocks such as the Attutra Metagabbro which has been the focus of Arafura's exploration in the region.

Fe-V-Ti Assay Results

The new mineralised intersections from the 2008 drill program at these prospects are listed in Table 1. Drill hole locations are plotted in Figure 2.

The weighted average of magnetite mineralisation intersected in these holes is shown in Table 2.

The results demonstrate that high V_2O_5 grades ($>1.5\%$) can be produced in Davis Tube Recovery (DTR) concentrates from holes drilled into the Coco prospect and this translates to high overall recovery of V_2O_5 (65-70%). These results compare favourably with those reported previously for the Casper prospect which are reflected in the repeat analyses on samples from hole UNRC018 in Table 1.

At the RD prospect, good V_2O_5 recoveries have been achieved (55-68%) despite lower V_2O_5 content (1.2-1.3%) in the DTR concentrate.

In summary, the latest assays establish that both Coco and RD join Casper as exciting Fe-V-Ti prospects that warrant additional investigations aimed at defining sufficient mineral resources to underpin future production. Airborne magnetic data indicates that the magnetite zone at Coco extends over a strike length of at least 500 metres, and that at RD over a strike length of at least 750 metres (*cf.* 500 metres at Casper).

Au-PGE Assay Results

536 samples from 14 RC drill holes in the 2008 program were analysed for Au and PGEs. 47 samples assayed greater than 0.03 g/t Au, 82 samples assayed greater than 0.05 g/t Pt, and 141 samples assayed greater than 0.05 g/t Pd. All of these assays are considered anomalous for magnetite mineralisation in the district.

The more significant intervals of anomalous gold and PGE results from the initial assaying of RC samples from the Casper, Coco and RD prospects are listed in Table 3. The locations of these five holes are plotted in Figure 3.

The anomalous mineralisation remains open above 26 metres and below 73 metres in hole UNRC032 at Casper and below 114 metres (end of hole) in hole UNRC057 at RD. In all three cases the adjacent sample contains in excess of 1 g/t Au+Pt+Pd.

These anomalous gold and PGE results demonstrate that the Attutra Metagabbro has potential to host substantial deposits of economic mineralisation. Importantly, they provide additional encouragement for continued exploration at Jervois. As far as exploration for gold and PGE are concerned, Arafura's immediate aim is to establish the availability of additional sample residues from the 2008 drilling and submit them for further geochemical analyses, especially in hole UNRC032 and adjacent holes (Casper) where the initial assaying has established about 50 metres of anomalous sequence which has not been closed off in any direction.

Collar details for all 60 holes drilled at Jervois in 2006 and 2008 are listed in Table 4.

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For further information contact:

Chris Tonkin
Chief Executive Officer
T: +61 8 6210 7666

Chemical Assay Methodology

The preparation and testing protocol closely follows that of the previous test work for the Jervois Vanadium Project (ARU: ASX 19/06/07; 29/07/10).

Drill samples were selected on the basis of geology and magnetic properties. A total of 537 x 1m RC samples were submitted to the laboratory for testing.

A subset of 358 x 1m RC samples was split at the laboratory for compositing and Fe-V-Ti assays. After drying and crushing, drill sample composites were prepared so that assay samples represented continuous mineralised intervals of 4 or 5 metres. A total of 85 composited assay samples were prepared and submitted for laboratory testing at ALS Chemex in Perth.

These assay sample composites were analysed using standard techniques to determine the magnetite recovery and for chemical analysis. The Davis Tube Recovery ("DTR") method was used to measure magnetite recovery after the samples were ground to 100% passing 75 micron (100p75µm) grind size. Head and concentrate samples were assayed using ME-XRF21, a standard XRF fusion method for magnetite-rich samples, at ALS Chemex in Perth.

All 537 x 1m RC samples were assayed as individual 1m RC samples for Au, Pt and Pd by PGM-ICP24 at ALS Chemex in Perth. This is a fire assay method using a representative 50g split with Au, Pt and Pd assay values able to be determined to very low detection limits using ICP techniques.

While standards and duplicates have been assayed by ALS Chemex in Perth, these results are preliminary and subject to confirmation by inter-laboratory test work.

Competent Person's Statement

The information in this report relating to Exploration Results and geological interpretation was compiled by Mr Kelvin Hussey who is a Member of the Australian Institute of Geoscientists. Mr Hussey is a full time employee of Arafura Resources Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* (the JORC Code). Mr Hussey consents to the inclusion of this information in the form and context in which it appears.



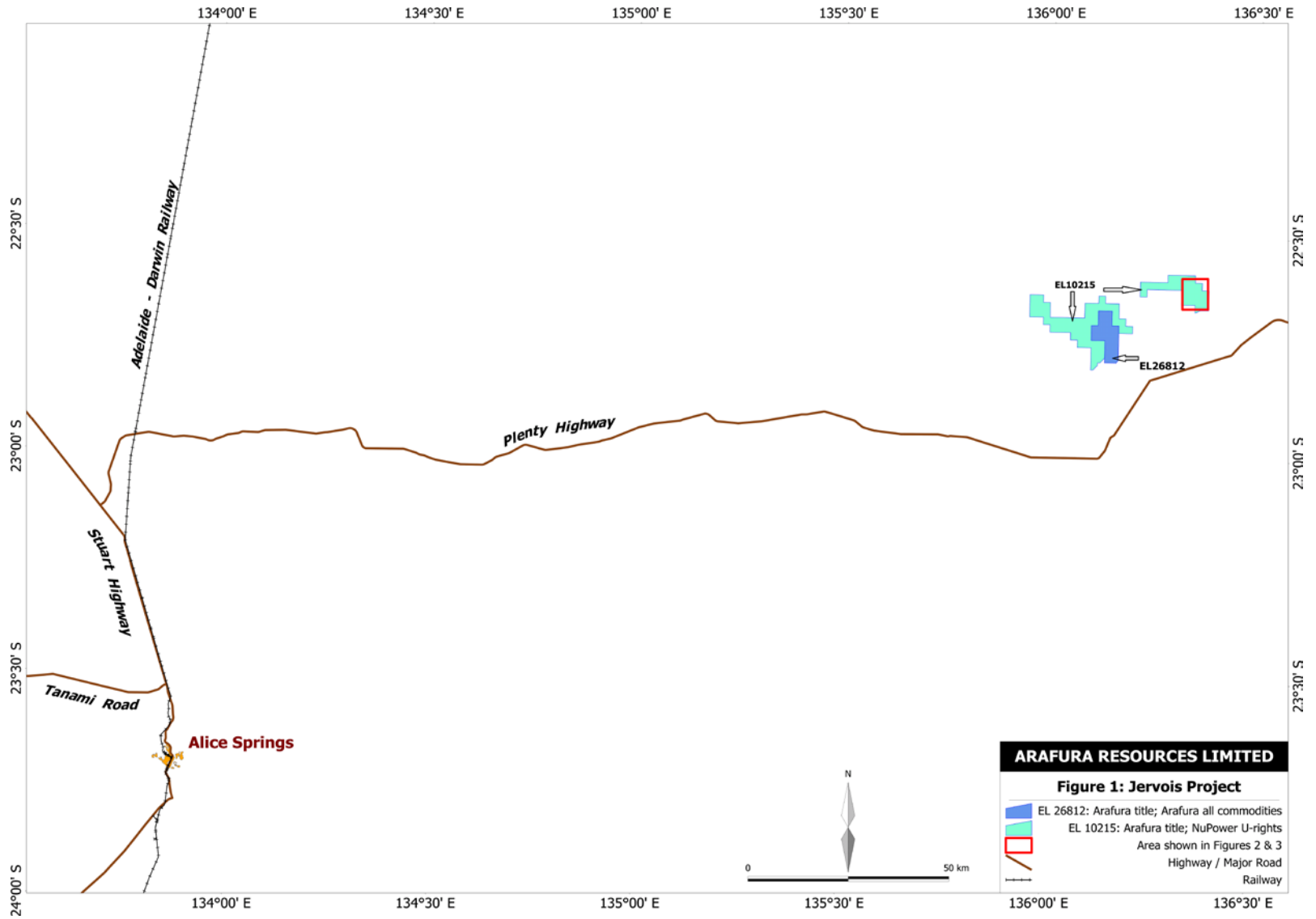


Figure 1: Location of Jervis Vanadium Project, Northern Territory.

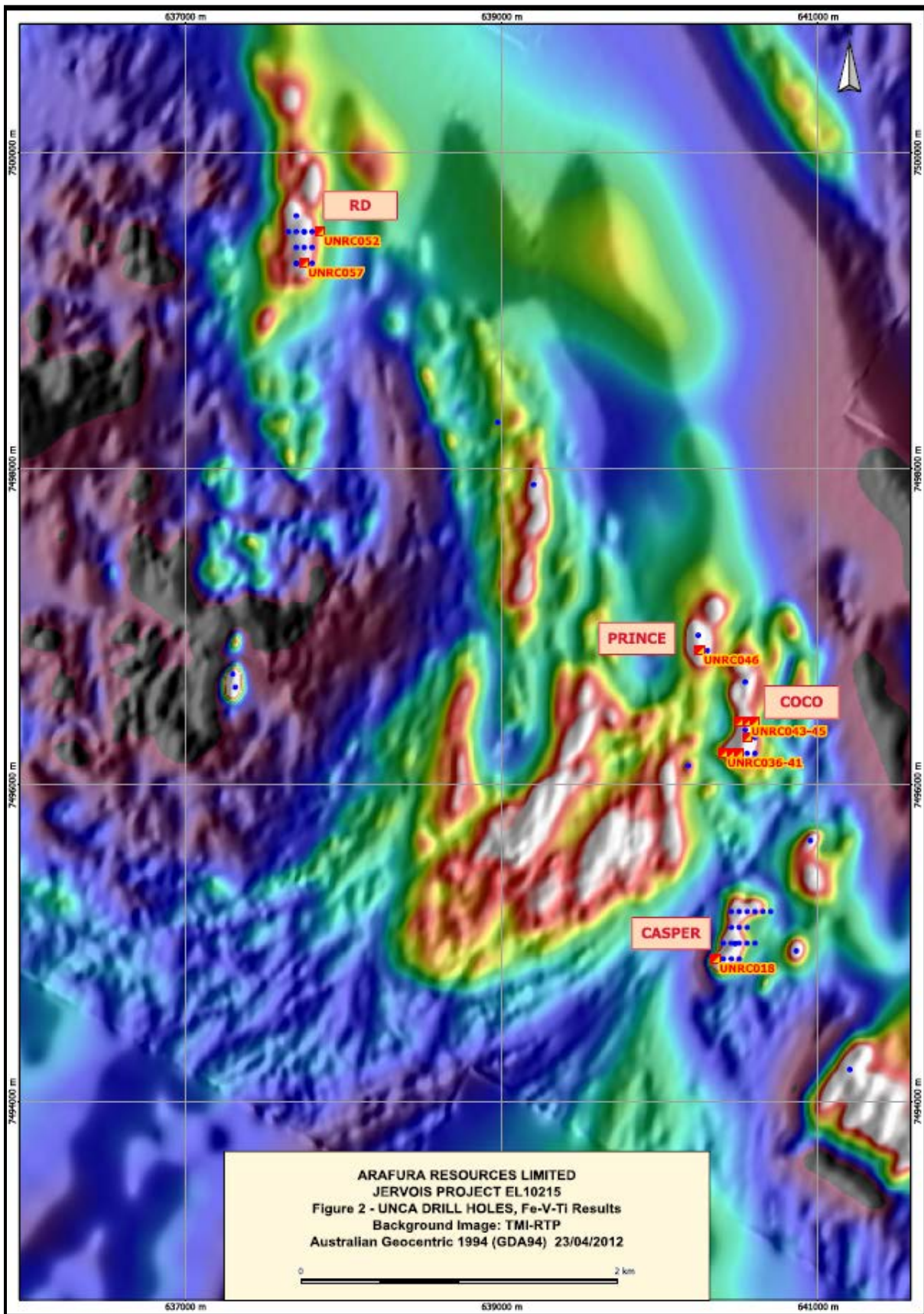


Figure 2: Location of Casper, Coco, Prince and RD magnetite prospects. Fe-V-Ti assay and recovery data from labelled drill holes are reported in Tables 1 and 2.

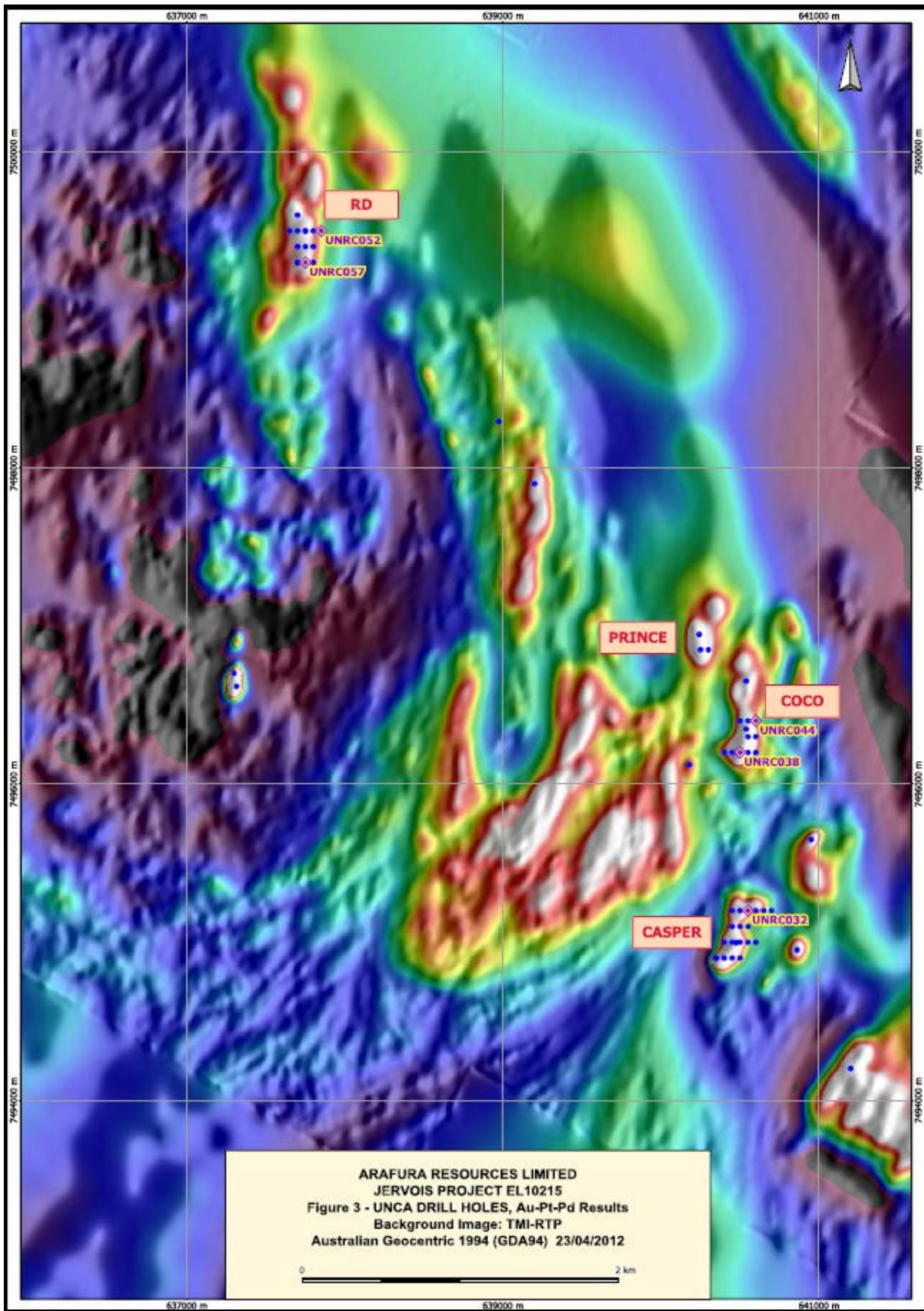


Figure 3: Location of Casper, Coco, Prince and RD magnetite prospects.
 Au-PGE assay data from labelled drill holes are reported in Table 3.

**Table 1: New mineralised intersections from 2008 Jervois drilling program.
Fe-V-Ti assay and recovery data.**

Hole ID	From (m)	To (m)	Intvl (m)	Head Fe%	Head V ₂ O ₅ %	Head TiO ₂ %	DTR Rec %	DTR Cons Fe%	DTR Cons V ₂ O ₅ %	DTR Cons TiO ₂ %	Fe Rec %	V ₂ O ₅ Rec %	TiO ₂ Rec %
CASPER													
UNRC018	16	37	21	34.6	0.9	8.4	39.9	63.5	2.0	7.2	71.7	85.9	34.2
*Reported 07/10													
UNRC018	16	37	21	33.9	0.9	8.4	37.9	60.80	2.2	8.9	63.1	80.8	37.2
COCO													
UNRC036	17	36	19	17.6	0.2	2.9	15.4	66.6	1.0	3.3	57.9	67.5	17.2
UNRC037	30	46	16	17.5	0.3	3.1	15.1	65.9	1.3	3.5	55.4	69.2	17.2
UNRC038	0	13	13	38.0	0.9	9.8	35.5	65.2	1.7	4.3	59.5	69.9	15.9
UNRC038	28	45	17	17.1	0.4	3.7	15.9	67.2	1.6	2.0	62.6	70.4	8.8
UNRC038	54	59	5	24.1	0.5	5.3	24.3	65.4	1.6	4.8	66.1	71.9	22.2
UNRC038	83	94	11	14.8	0.2	2.9	13.5	65.2	1.2	4.7	59.5	67.3	22.1
UNRC039	50	60	10	16.7	0.3	3.5	16.6	66.1	1.5	2.5	65.6	71.2	12.2
UNRC041	18	32	14	29.9	0.7	6.9	33.3	64.2	1.6	6.2	71.4	78.5	29.8
UNRC041	102	115	13	15.0	0.3	3.0	12.9	65.9	1.5	3.6	55.2	64.7	15.5
UNRC043	21	23	2	29.1	0.3	6.0	26.7	63.9	0.8	6.6	58.7	76.7	29.2
UNRC043	27	32	5	26.6	0.6	6.3	25.4	61.7	1.5	7.6	59.0	66.2	30.4
UNRC043	52	87	35	25.2	0.6	5.7	26.3	63.3	1.6	5.6	64.4	71.0	25.9
UNRC043	89	101	12	19.9	0.4	4.4	20.1	65.0	1.5	4.2	63.5	69.1	19.7
UNRC044	72	81	9	26.0	0.5	6.0	23.9	62.5	1.6	6.5	52.4	68.2	23.8
UNRC044	93	116	23	23.8	0.5	5.6	24.7	64.0	1.6	5.3	63.4	72.4	23.7
UNRC045	49	76	27	16.2	0.3	3.5	14.9	65.8	1.5	2.8	60.3	64.6	12.0
UNRC045	92	100	8	17.6	0.4	3.8	15.2	66.3	1.5	2.4	56.5	60.8	9.5
PRINCE													
UNRC046	57	65	8	22.8	0.4	5.0	24.7	65.4	1.1	6.3	63.0	72.0	27.4
RD													
UNRC052	70	85	15	18.9	0.3	3.6	11.9	69.4	1.2	1.6	43.6	56.5	5.0
UNRC057	47	57	10	23.5	0.4	4.6	21.0	69.8	1.3	0.9	59.7	68.6	4.2
UNRC057	62	96	34	21.7	0.4	4.4	16.9	69.4	1.3	0.9	52.8	60.8	3.3
UNRC057	99	114	15	20.2	0.3	3.9	15.2	69.5	1.3	0.8	52.4	62.6	3.1

Table 2: Weighted average (assay and recovery data) of magnetite mineralisation intersected in holes listed in Table 1.

Metres of mineralised drill intervals used in weighted average	RC drill sample assays			DTR	Concentrate assays			Recovery in concentrate		
	Fe (%)	V ₂ O ₅ (%)	TiO ₂ (%)	Rec (%)	Fe (%)	V ₂ O ₅ (%)	TiO ₂ (%)	Fe recovery (%)	V ₂ O ₅ recovery (%)	TiO ₂ recovery (%)
This Report 342	22.2	0.45	4.83	21.1	65.9	1.45	3.78	59.8	68.6	16.9
Previously Reported in 2010 (CASPER) 668	21.7	0.48	4.76	19.1	64.3	1.69	4.65	54.3	66.0	18.2

Table 3: New mineralised intersections from 2008 Jervois drilling program. Au-PGE assay data.

Hole ID	From (m)	To (m)	Intvl (m)	Au g/t	Pt g/t	Pd g/t	Au+Pt+Pd g/t
CASPER							
UNRC032	26	37	11	0.02	0.08	0.75	0.85
UNRC032	37	69	32	0.00	0.14	0.23	0.37
UNRC032	69	73	4	0.03	0.17	1.17	1.37
Total	26	73	47	0.01	0.13	0.43	0.57
COCO							
UNRC038	0	9	9	0.11	0.14	0.17	0.42
UNRC044	74	81	7	0.03	0.05	0.06	0.14
UNRC044	93	98	5	0.07	0.09	0.08	0.24
RD							
UNRC052	70	79	9	0.02	0.19	0.31	0.52
UNRC052	79	85	6	0.02	0.05	0.05	0.12
Total	70	85	15	0.02	0.13	0.21	0.36
UNRC057	47	51	4	0.01	0.07	0.15	0.23
UNRC057	51	57	6	0.24	0.34	0.27	0.85
UNRC057	57	63	6	0.02	0.08	0.12	0.22
Total	47	63	16	0.10	0.18	0.18	0.46
UNRC057	109	114	5	0.05	0.21	0.22	0.48

Table 4: 2006 and 2008 RC drill holes, Jervois Vanadium Project.

Hole ID	MGA94E	MGA94N	RL metres	Azimuth °	Inclin °	EOH metres
UNRC001	640345	7494899	303.32	360	-90	60
UNRC002	640475	7494996	298.71	360	-90	66
UNRC003	640862	7494951	297.01	360	-90	82
UNRC004	640179	7496122	310.34	360	-90	50
UNRC005	640501	7496200	300.16	360	-90	67
UNRC006	640538	7496349	299.54	360	-90	70
UNRC007	640538	7496652	298.86	360	-90	74
UNRC008	640241	7496947	299.66	360	-90	73
UNRC009	637299	7496702	329.75	360	-90	25
UNRC010	637315	7496619	329.20	360	-90	65
UNRC011	635590	7496501	326.54	360	-90	55
UNRC012	635640	7496301	331.45	360	-90	40
UNRC013	640950	7495649	296.67	360	-90	70
UNRC014	641200	7494201	297.01	360	-90	70
UNRC015	637751	7499499	306.96	360	-90	70
UNRC016	638974	7498294	300	270	-90	40
UNRC017	639200	7497900	300	270	-90	91
UNRC018	640350	7494900	302.94	270	-60	72
UNRC019	640400	7494900	300.8	270	-60	75
UNRC020	640450	7494900	299.57	270	-60	120
UNRC021	640500	7494900	298.74	270	-60	114
UNRC022	640400	7495000	299.62	270	-90	100
UNRC023	640450	7495000	299.26	270	-60	114
UNRC024	640500	7495000	298.39	270	-60	114
UNRC025	640550	7495000	298.1	270	-60	114
UNRC026	640600	7495000	297.72	270	-60	114
UNRC027	640450	7495100	299.05	270	-60	114
UNRC028	640500	7495100	298.74	270	-60	114
UNRC029	640550	7495100	299.14	270	-60	118
UNRC030	640450	7495200	299.02	270	-90	100
UNRC031	640500	7495200	298.72	270	-60	114
UNRC032	640550	7495200	298.46	270	-60	114
UNRC033	640600	7495200	298.08	270	-60	114
UNRC034	640650	7495200	297.91	270	-60	114
UNRC035	640700	7495200	297.61	270	-60	114
UNRC036	640400	7496200	301.15	270	-90	100
UNRC037	640450	7496200	301.09	270	-60	114
UNRC038	640500	7496200	300.14	270	-60	114

Hole ID	MGA94E	MGA94N	RL metres	Azimuth °	Incln °	EOH metres
UNRC039	640550	7496200	299.27	270	-60	114
UNRC040	640600	7496200	298.98	270	-60	114
UNRC041	640550	7496300	298.25	270	-60	115
UNRC042	640600	7496300	299.47	270	-60	114
UNRC043	640550	7496400	299.59	270	-60	114
UNRC044	640600	7496400	299.15	270	-60	120
UNRC045	640500	7496400	299.74	270	-90	100
UNRC046	640250	7496850	300	270	-90	100
UNRC047	640300	7496850	300	270	-60	97
UNRC048	637650	7499500	307	270	-90	100
UNRC049	637700	7499500	307	270	-60	114
UNRC050	637750	7499500	306.98	270	-60	114
UNRC051	637800	7499500	306.98	270	-60	114
UNRC052	637850	7499500	306.72	270	-60	114
UNRC053	637800	7499400	306.72	90	-90	100
UNRC054	637750	7499400	306.95	90	-60	115
UNRC055	637700	7499400	306.98	90	-60	115
UNRC056	637700	7499300	306.67	270	-60	114
UNRC057	637750	7499300	306.43	270	-60	114
UNRC058	637800	7499300	306.24	270	-60	114
UNRC059	637702	7499298	306.67	90	-60	96
UNRC060	637700	7499600	307.29	90	-60	112