



11 March 2008

ARAFURA RESOURCES LIMITED (ASX: ARU)

COMMENCEMENT OF DRILLING

**JERVOIS VANADIUM DEPOSIT, NORTHERN TERRITORY
(ARU 100%)**

Arafura Resources is pleased to announce the commencement of a reverse circulation (RC) percussion drill program at its Jervois Vanadium Project, located 290 kilometres North East of Alice Springs in the Northern Territory.

At a time when resources within the industry are at a premium, the Company has successfully negotiated an earlier start-up for the 2008 drilling program which it had previously expected to commence during the second quarter of 2008 (ASX announcement 30/01/08).

The drilling program is aimed at determining the potential extent of vanadium-bearing magnetite mineralization discovered during the late-2006 drilling campaign (ASX announcement 19/06/07). The 2006 program successfully intersected mineralized magnetite in fourteen out of fifteen drill holes, including one interval of 44 metres (from surface) of strong magnetite mineralization grading 0.76% V_2O_5 . This interval yielded a vanadium concentrate grade of 1.98% V_2O_5 and 65% Fe.

Subsequent independent metallurgical test work (ASX announcement 11/07/07) on vanadium concentrate from the 2006 program indicated that a good quality vanadium product is recoverable.

The current program will comprise approximately 7,500 metres of RC drilling to investigate the extent of six mineralized zones intersected during 2006, and to test five additional magnetic targets within the project area. The total cost of the program is budgeted at \$1 million.

The drill program is expected to be complete in June and assay results are not expected from the drill program until the September quarter of 2008.

The Jervois magnetite discovery has been determined to be metallurgically recoverable using standard Davis tube recovery (DTR) processes that produces a high-vanadium high-iron grade concentrate. In addition early marketing studies have identified that the product may be able to be sold directly to steel smelters as a magnetite concentrate rather than processing the material through to vanadium concentrate. A saleable magnetite concentrate results in a simpler process on site.

Arafura Resources

Arafura Resources is a Perth-based specialty metals explorer and developing producer which has operated in the Northern Territory for the past 20 years. It listed on the Australian Stock Exchange in 2003 and has diversified its asset portfolio by targeting projects that will deliver long-term and sustainable value and growth. These include:

- The Nolans rare-earth–phosphate–uranium project.
- Mt Porter gold deposit near Pine Creek
- A nickel exploration joint venture with Mithril Resources at Hammer Hill, near Alice Springs
- Jervois magnetite-vanadium project in Central Australia
- Kurinelli gold project.

In 2007, Arafura demerged its uranium exploration activities to NuPower Resources, retaining approximately 10% interest in the company.

For more information:

Fact sheets on Arafura can be found on the Arafura Resources website at www.arafuraresources.com.au

Alistair Stephens on +61 8 9221 7666
Managing Director.