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ARAFURA RESOURCES LIMITED (ASX: ARU)

FIRST ASSAYS RECEIVED FROM HAMMER HILL DRILL PROGRAM

HAMMER HILL JV, NORTHERN TERRITORY

Arafura Resources advises that Mithril Resources has received initial assays from a sulphide interval in the first hole (HHDD001) of the current drill campaign at Hammer Hill.

The Hammer Hill Joint Venture between Arafura and Mithril has been operating since July 2006. Details of the earn-in arrangement, now involving BHP Billiton, are outlined in an ASX release dated 03/12/07.

Drill hole HHDD001 was designed to test a conductive target identified by an airborne geophysical survey (target IVT016 in Figure 1) in the south-central part of the Hammer Hill JV tenements. The complex nature of this zone (Figure 2) requires testing by several drill holes, in conjunction with down hole geophysical (electromagnetic) surveys. Two holes have now been completed (HHDD001 and HHDD002) and a third is underway (HHDD003). Down hole geophysical surveys are being progressed in the first two holes to further understand the target zone.

Preliminary assays from a 6.25-metre wide sulphide zone reported in HHDD001 (ARU:ASX 20/05/08) have now been received. Overall, the zone returned anomalous copper assays (6.25 metres @ 0.28% Cu) including a 3.3 metre interval grading 0.45% Cu. Further assays are awaited for sulphide mineralisation encountered elsewhere in HHDD001.

Hole HHDD002, designed to test a separate geophysical target to the south-west of HHDD001 (Figure 2), has intersected thin intervals of sulphide mineralisation over a 9-metre down hole width (from 61 metres down hole). Copper-bearing sulphides have been observed in drill core from this interval, with assays expected in four to six weeks.

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:

- Rare Earths Nolans rare earths-phosphate-uranium resource ARU 100%
- Vanadium Jervois magnetite-vanadium project ARU 100%
- Nickel A farm-in by Mithril Resources and BHP Billiton at Hammer Hill
- Gold Mt Porter deposit near Pine Creek ARU 100%
- Gold Kurinelli gold project ARU 100%

For more information:

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

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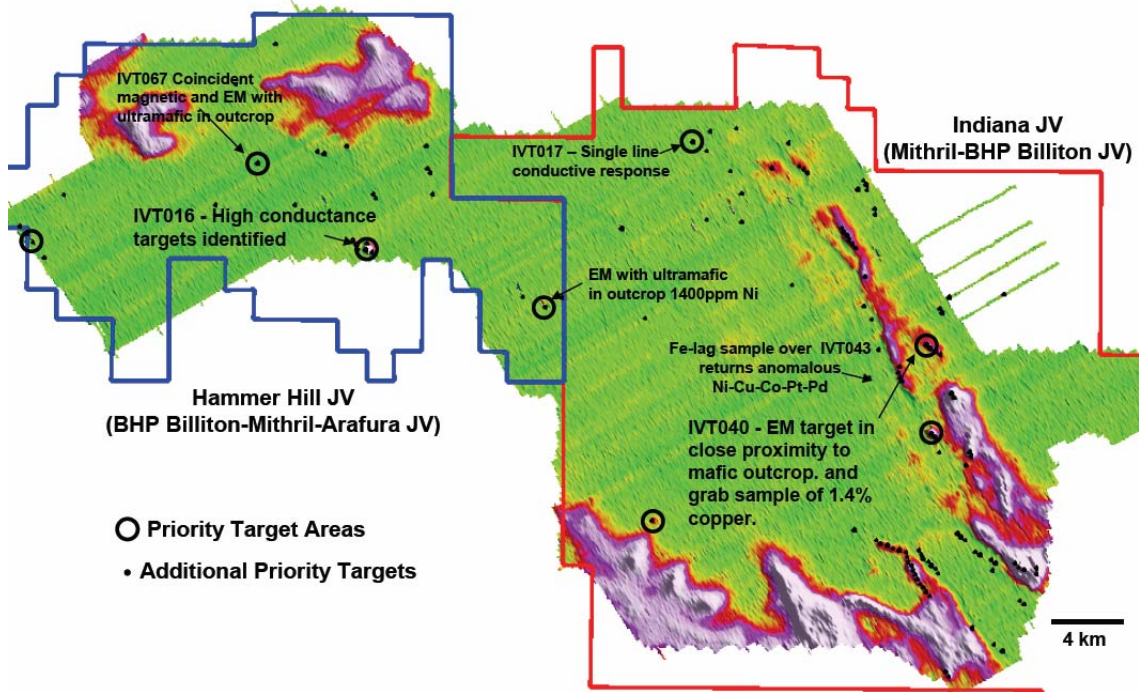


Figure 1: Image of Channel 34 airborne electromagnetic (VTEM) results where hot colours (pinks) represent areas of higher conductivity. Very broad conductive areas are attributed to surface conditions or regionally extensive sedimentary units. Isolated features are considered to be the more prospective exploration targets. Priority target IVT016 is located in the south-central part of the Hammer Hill JV tenements. Image supplied by Mithril Resources Ltd.

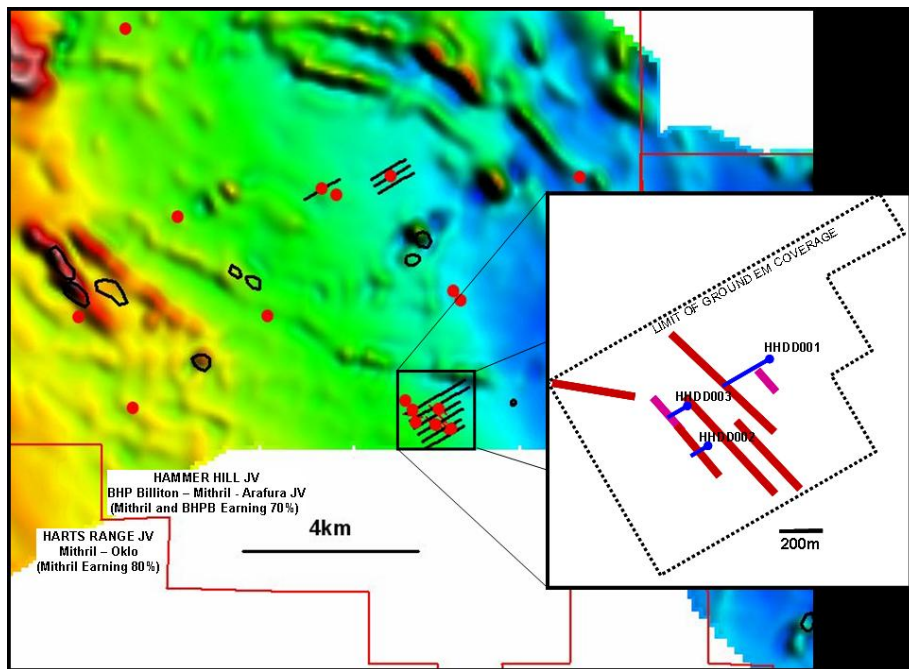


Figure 2: Location of IVT016 drill program. Main image depicts priority VTEM anomalies (red circles), ground EM lines (black) and ultramafic outcrops (black polygons), on a background magnetic image. Inset diagram depicts strong (red) and very strong (magenta) conductive bodies along with drill hole traces HHDD001, HHDD002 and HHDD003. Image supplied by Mithril Resources Ltd.