ABN 22 080 933 455

ARAFURA RESOURCES LIMITED (ASX: ARU)

NOLANS RARE EARTHS PROJECT, NORTHERN TERRITORY

(ARU 100%)

4 AUGUST 2008

ASSAY RESULTS FROM NEW "CENTRAL" MINERALISATION ZONE

LIKELY TO HAVE A MAJOR IMPACT IN INCREASING NOLANS RESOURCES

Highlights

- New "central zone" of mineralisation likely to have a significant positive impact on Nolans resources
- These drill assays are considerably and consistently higher than the average of the current resource
- Best intervals of rare earths, phosphate and uranium mineralisation from this central zone are;
  - 20 metres at **6.3% REO**, **28.5% P_2O_5** and **1.1 lb/t U_3O_8** in NBRC172
  - 54 metres at **5.0% REO**, **25.4% P_2O_5** and **0.7 lb/t U_3O_8** in NBRC363
  - 72 metres at **4.0% REO**, **20.8% P_2O_5** and **0.6 lb/t U_3O_8** in NBRC365
- The Central Zone is buried under shallow soil cover (1 to 5 metres) and opens up substantial country to exploration for new rare earth mineral deposits

Discovery and confirmation of new mineralised zone: "Central Zone"

In April 2008, Arafura reported (ASX:ARU 01/04/08) that a cluster of seven resource definition drill holes (summarised below) had intersected a major new discovery of strong phosphate-rare earths mineralisation located between the current north and south resource zones (Figure 1). This zone is buried under shallow soil cover that is 1 to 5 metres thick.

This discovery is particularly significant as it is likely to increase the current resource base and will also open up other areas (covered with shallow soil and alluvial material) to exploration and discovery of phosphate-hosted rare earths mineralisation.

Geochemical assays from this new zone have now been received. Results for all mineralised intervals in these seven holes are listed in Table 1. The locations of the drill holes for these results are highlighted in Figure 1 (labelled "New assay").

These new assays confirm substantial intervals of rare earths-phosphate-uranium mineralisation, now called the Central Zone, as summarized below:

Drill hole#	interval	rare earths	phosphate	uranium	
NBRC172	20m at	6.3% REO	28.5% P_2O_5	1.1 lb/t U_3O_8	from 26m
and	24m at	5.4% REO	26.9% P_2O_5	0.9 lb/t U_3O_8	from 68m
NBRC173	15m at	4.2% REO	21.0% P_2O_5	0.6 lb/t U_3O_8	from 11m
NBRC339	7m at	4.0% REO	21.5% P_2O_5	1.2 lb/t U_3O_8	from 22m
and	23m at	3.3% REO	14.3% P_2O_5	0.4 lb/t U_3O_8	from 81m
NBRC340	20m at	4.6% REO	24.7% P_2O_5	0.7 lb/t U_3O_8	from 4m
and	8m at	4.7% REO	24.0% P_2O_5	0.7 lb/t U_3O_8	from 46m
NBRC363	20m at	4.6% REO	24.1% P_2O_5	0.7 lb/t U_3O_8	from 12m
and	54m at	5.0% REO	25.4% P_2O_5	0.7 lb/t U_3O_8	from 55m
NBRC364	13m at	3.5% REO	16.7% P_2O_5	0.6 lb/t U_3O_8	from 79m
NBRC365	27m at	2.4% REO	11.9% P_2O_5	0.3 lb/t U_3O_8	from 30m
and	72m at	4.0% REO	20.8% P_2O_5	0.6 lb/t U_3O_8	from 61m

None of these intercepts are included in the current identified resources for Nolans.

More mineralisation at depth is likely as holes NBRC172 and NBRC365 both ended in mineralisation. However, this will not be a target for near-term drilling as the current resource base and the new mineralised zone already supports an operation far in excess of 20 years.

Final assays for the remainder of the 2007-2008 drill program are expected over the next 6-8 weeks and will be reported in due course. A revised estimate of resources at Nolans will be available towards the end of 2008.

Nolans location and resources

The Nolans phosphate-hosted rare earths-uranium (REE-P-U) deposit is situated within Arafura's Substitute Exploration Licence 23671 (SEL 23671 & MLA 26659) near Aileron, about 135 kilometres NNW of Alice Springs in the Northern Territory.

The current identified resources at Nolans are estimated to be;

Tonnes	rare earths REO	phosphate P_2O_5	uranium U_3O_8
18.6 Mt	**3.1%**	**14%**	**0.47 lb/t**
Contained*	577,000 t	2.6 Mt	8.8 Mlbs

(This resource meets the guidelines of the JORC Code; 54% INDICATED, 46% INFERRED; ARU:ASX 21/11/05; *rounded)

Nolans Demonstration Plant

The Company is currently demonstrating the recovery of rare earths, phosphoric acid and uranium at a pilot plant located at ANSTO (Australian Nuclear Science and Technology Organisation) in Sydney. The demonstration plant has successfully completed the recovery of premium quality fertiliser grade and technical grade phosphoric acid. The rare earths recovery process is currently underway.

Nolans Bankable Feasibility Study

In July 2008 the Company commenced the bankable feasibility study for the Nolans Project, lead and managed by Bateman Litwin.

Arafura Resources Strategy

Arafura has an exploration and development program to grow its position in rare earth projects that are consistent with additional growth beyond the Nolans Project. The Company will focus on the identification and development of rare earth projects and specialise in rare earths products and their markets.

Growth through Development

Arafura's primary focus is the development of the Nolans rare earths-phosphate-uranium project. The deposit has a resource to sustain a mine life of over 20 years and Arafura has developed a processing flowsheet that optimises the extraction of rare earths, phosphoric acid, and uranium.

For more information:

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

The information in this press release that relates to exploration drilling results and geological interpretation has been compiled by Mr Kelvin Hussey, BSc (Hons). Mr Hussey is a Member of the Australian Institute of Geoscientists and has the necessary professional qualifications and sufficient experience relevant to this style of mineralisation to qualify as the 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.

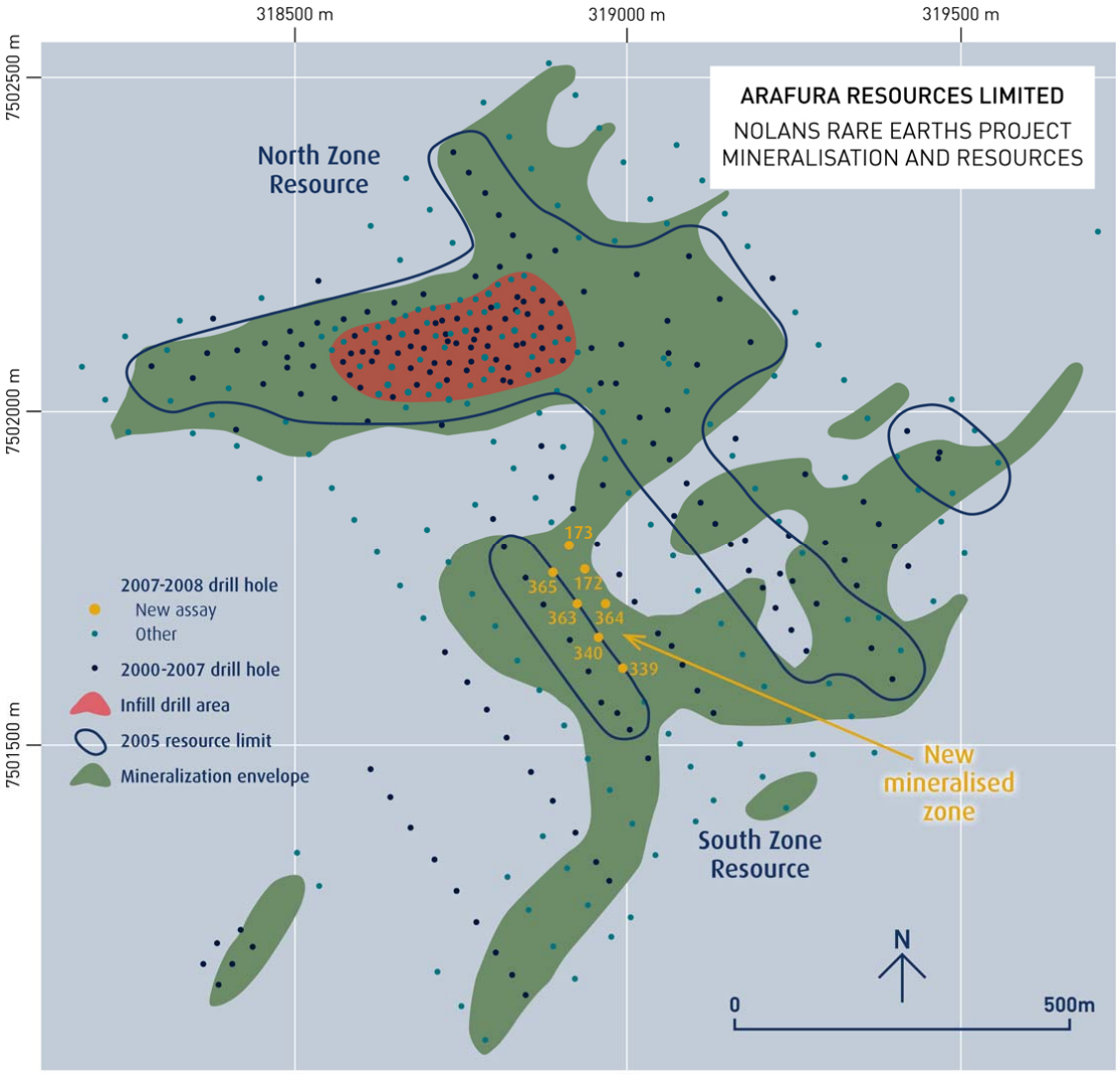

Figure 1: Location of mineralised assays in Central Zone, Nolans Project

Table 1: 2007-2008 RC Drill Hole Results, Nolans Project

HOLENO	EAST metres	NORTH metres	RL metres	INCLN °	AZIM °	EOH metres	FROM metres	TO metres	INTVL metres	TOTAL REO** %	P_2O_5** %	U_3O_8** lb/t ***
NBRC172	318936.7	7501767.8	657.5	-60	145	96	26.0	46.0	20.0	6.34	28.45	1.06
							68.0	92.0	24.0	5.42	26.88	0.89
							95.0	96.0	1.0	2.71	13.17	0.60
								TOTAL	**45.0**	**5.77**	**27.27**	**0.96**
NBRC173	318912.8	7501802.5	657.6	-60	145	90	5.0	7.0	2.0	2.23	12.60	0.29
							11.0	26.0	15.0	4.19	20.98	0.63
								TOTAL	**17.0**	**3.96**	**19.99**	**0.59**
NBRC339	318994.5	7501618.1	657.8	-60	145	108	3.0	5.0	2.0	3.55	16.61	0.26
							12.0	14.0	2.0	2.55	12.94	0.26
							22.0	29.0	7.0	4.01	21.47	1.24
							53.0	57.0	4.0	2.96	14.26	0.48
							81.0	104.0	23.0	3.27	14.34	0.36
								TOTAL	**38.0**	**3.35**	**15.69**	**0.52**
NBRC340	318957.7	7501671.1	657.8	-60	145	90	4.0	24.0	20.0	4.55	24.74	0.66
							46.0	54.0	8.0	4.67	24.03	0.71
							69.0	71.0	2.0	2.69	13.63	0.24
								TOTAL	**30.0**	**4.46**	**23.81**	**0.65**
NBRC363	318927.0	7501715.0	657.7	-60	145	114	12.0	32.0	20.0	4.61	24.10	0.66
							36.0	39.0	3.0	3.86	18.56	0.64
							55.0	109.0	54.0	4.99	25.36	0.71
								TOTAL	**77.0**	**4.85**	**24.77**	**0.70**
NBRC364	318972.2	7501716.1	657.4	-60	145	108	62.0	63.0	1.0	1.86	9.97	0.46
							67.0	68.0	1.0	1.52	8.59	0.42
							79.0	92.0	13.0	3.51	16.74	0.56
							98.0	100.0	2.0	2.03	10.77	0.23
								TOTAL	**17.0**	**3.12**	**15.16**	**0.51**
NBRC365	318893.6	7501770.6	657.7	-60	145	138	30.0	57.0	27.0	2.44	11.89	0.33
							61.0	133.0	72.0	3.98	20.81	0.60
							137.0	138.0	1.0	1.22	6.07	0.15
								TOTAL	**100.0**	**3.54**	**18.25**	**0.52**

Notes:

- Results based on a 1% REE cut-off grade in the assay samples with limited internal dilution in the intercepts
- 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.
- All drill holes inclined at 60° towards the SSE (145°)

** Analytical data subject to confirmation by duplicate sampling and inter-laboratory analyses.
*** 1 lb/t U_3O_8 equals 0.0454% U_3O_8