



ABN 22 080 933 455

Arafura Resources Ltd

ARAFURA RESOURCES LIMITED (ASX: ARU)
NOLANS RARE EARTHS PROJECT, NORTHERN TERRITORY
(ARU 100%)

11 NOVEMBER 2008

SIGNIFICANT INCREASE IN IDENTIFIED RESOURCES

Arafura Resources Limited today announces a major resource upgrade at its Nolans phosphate-hosted rare earths-uranium project in the Northern Territory. The resource statement meets the guidelines for a JORC Statement.

This resource upgrade is a result from all additional drilling and costeaning activity undertaken on the deposit since November 2005.

Total resources of 30.3 million tonnes have now been outlined in the Nolans deposit, as outlined in Table 1, and summarised below:

Resources	Tonnes (million)	REO %	P ₂ O ₅ %	U ₃ O ₈ lb/t
Measured	5.1	3.2	13.5	0.57
Indicated	12.3	2.8	13.4	0.43
Inferred	12.8	2.6	12.2	0.40
TOTAL	30.3	2.8	12.9	0.44

This represents a 62.9% increase in total resources on the previous resource estimate of 18.6 million tonnes published in November 2005 (ASX: ARU 22/11/05).

Measured resources are contained wholly within the Central North Zone (CNZ) of the deposit (Figure 1), where drilling on 20 x 20 metre centres has now been completed. The CNZ is anticipated to be the initial focus of mining operations in 2011. Mineralisation comes to surface in the CNZ, eliminating the requirement for substantial pre-strip during the mining phase.

Within the CNZ, 83% of the identified resources are within 150 metres of the surface. For the remainder of the deposit, 96% of the identified resources are within 130 metres of the surface. Resources are exposed at the surface and remain open at depth across the entire deposit.

This resource upgrade has allowed for the following recalculation of total contained (in situ) rare earths, phosphate and uranium in the Nolans deposit:

	November 2005 total	November 2008 total	% increase
REO	577,000 tonnes	848,000 tonnes	47%
P₂O₅	2.6 million tonnes	3.9 million tonnes	50%
U₃O₈	8.7 million lbs	13.3 million lbs	53%

In welcoming the resource upgrade, Arafura Resources Chairman Mick Muir said, "This result confirms that Nolans is a world-class deposit and will support a very long mine life. Arafura's final feasibility and business plan is taking into consideration that the operation will last very many years, and will become a dominant participant in rare earths and fertiliser production, and a significant producer of uranium and calcium chloride."

Nolans Tenure

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.

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 to a carbonate product 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 flow sheet 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 drilling, geological interpretation and mineral resources has been compiled by Mr John Goulevitch, BSc (Hons), MSc, of Exploremin Pty Ltd. Mr Goulevitch is a Fellow 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 mineral resources. Mr Goulevitch acts as Consulting Geologist to 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. An entity associated with Mr Goulevitch is a shareholder in Arafura Resources.

Table 1: Statement of Identified Mineral Resources, Nolan's Bore deposit, November 2008

STATEMENT OF IDENTIFIED MINERAL RESOURCES 11/11/08 NOLAN'S BORE REE/P/U DEPOSIT Cut-off grade: 1% TOTAL REE (approximately 1.2% REO)				
Status	Resource Tonnes (million)	REO %	P₂O₅ %	U₃O₈ lb/t
MEASURED (Central North Zone)	5.1	3.2	13.5	0.57
INDICATED	12.3	2.8	13.4	0.43
INFERRED	12.8	2.6	12.2	0.40
TOTAL RESOURCES	30.3	2.8	12.9	0.44
Notes: Estimation by computerised Sectional-Polygonal method using INTERDEX and EXCEL software. Nominal 1% REE sample cut-off grade. Some internal and marginal lower grade samples included on bases of geological and mining considerations. Bulk Densities 2.0 - cheralite mineralisation 2.4 - fluorapatite mineralisation <3% REE; kaolinitic mylonite-breccia lode, Central North Zone 2.5 - fluorapatite mineralisation <3% REE elsewhere 2.7 - fluorapatite mineralisation ≥3% REE; fluorapatite/calc-silicate mineralisation Central North Zone footwall. Measured Resources are nominally within 10 metres of drill hole on-section and in plan – Central North Zone only. Indicated Resources are nominally within 20 metres of drill hole on-section and in plan – all areas. Inferred Resources are nominally within 40 metres of drill hole on-section and in plan – all areas. 1 lb/t U ₃ O ₈ = 0.0454% U ₃ O ₈ Numbers may not compute exactly due to rounding.				

Figure 1: Nolans Project Identified Resources, November 2008

