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ARAFURA RESOURCES LIMITED (ASX: ARU)

20 April 2009

LETTER OF INTENT JERVOIS JOINT VENTURE

Arafura Resources Ltd ("Arafura") is pleased to announce that it has signed a letter of intent ("LOI") with Jiangsu Eastern China Non-Ferrous Metals Investment Holding Co., Ltd ("ECE") for a joint venture to further evaluate its Jervois Iron-Vanadium Project in the Northern Territory.

Under the terms of the LOI, ECE has agreed to sole fund up to AUD\$8,000,000 on exploration of the Jervois Project tenements (EL 10215, EL 26231, EL 26318, EL 26812) for an equity interest of 51%.

The LOI was signed on the afternoon of 17 April by both organisations at a ceremony hosted in Darwin by the Northern Territory Minister for Primary Industry, Fisheries and Resources, The Honourable Kon Vatskalis. ECE was represented by its Director General, Mr Shao Yi, leading a 6-person delegation from China, whilst Arafura was represented by Chairman Ian Laurance AM, Managing Director, Alistair Stephens, and senior executives.

Following the signing ceremony, Mr Stephens said that the ECE commitment to the Jervois JV followed closely on the heels of ECE's decision to purchase a 25% interest in Arafura for AUD\$24 million. "This further commitment by ECE cements our rapidly growing association and demonstrates ECE's determination to join Arafura in developing exploration opportunities. Exploration is a growth engine for both Arafura and ECE, and we look forward to building on both organisations' strong track record of discovery success."

Drilling at Jervois by Arafura in 2006 and 2008 encountered numerous wide intervals of magnetite-hosted vanadium mineralisation. Metallurgical test work in 2007 determined that a high-vanadium, high-iron grade concentrate was recoverable using standard techniques.

About ECE

Headquartered in Nanjing, China, ECE was formed in 1955, has over 4,000 employees, and boasts outstanding qualifications in the field of exploration, hydrology, environmental geology, geophysical and geochemical exploration, remote sensing and geological engineering. With first-class technology and management experts, advanced exploration technology, significant mining and processing experience and strong financial capabilities, ECE is well positioned for foreign investment in mineral exploration and development.

ECE is one of the few State authorised organisations focused on engaging in mineral and energy exploration, and is permitted to carry out geological exploration as well as conducting scientific research in major State classified projects.

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ECE has discovered more than 160 ore deposits in China with a potential value in excess of \$10 billion. ECE has several mines and refining operations in China and Brazil, and are undertaking exploration in several countries including China, Namibia and Indonesia.

About Arafura

Arafura 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 Securities Exchange in 2003 and has diversified its asset portfolio by targeting projects that will deliver long-term and sustainable value and growth. The Company's intention is to explore, develop and bring to operation for profit, resources in various mineral commodities.

Arafura's primary focus is the development of the Nolans rare earths-phosphate-uranium project. The Nolans deposit is capable of sustaining a mine life well in excess of 20 years. The Company has developed a processing flow sheet, and 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.

Arafura has an exploration and development program to grow its position in rare earth projects with additional growth beyond the Nolans Project.

For more information:

Contact:
Managing Director Alistair Stephens 0421 612 573

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

The information in this release that relates to Arafura Resources Limited's exploration results and geological interpretation has been compiled by Mr Richard Brescianini BSc (Hons) and the information in this release that relates to Arafura Resources Limited's metallurgical results and interpretation has been compiled by Mr Steven Mackowski BAppSc, both full-time employees of Arafura Resources Limited.

Mr Brescianini is a Member of the Australian Institute of Geoscientists and he has sufficient experience with the style of mineralisation being reported 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)" for reporting these exploration results. Mr Brescianini consents to the inclusion in this report of the contained technical information in the form and context in which it appears.

Mr Mackowski is a Fellow of the Australian Institute of Mining and Metallurgy and he has sufficient experience with the style of mineralisation being reported 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)" for reporting these metallurgical results. Mr Mackowski consents to the inclusion in this report of the contained technical information in the form and context in which it appears.