



AN EMERGING RARE EARTHS PRODUCER
FOR USERS WORLDWIDE

21 February 2012

Mr Dave Filov
Advisor, Listings (Perth)
ASX Compliance Limited
Level 8, Exchange Plaza
2 The Esplanade
Perth WA 6000

RE: Response to ASX Query

Dear Dave,

Thank you for your letter dated 21 February 2012 regarding Arafura Resources Limited (the "Company") announcements lodged with ASX Ltd ("ASX") regarding a change of director's interest notice for Mr Alex Losada-Calderon, Mr Christopher Tonkin and Ms Shasha Lu ("Appendices 3Y").

We respond to your questions addressed in your letter as follows:

1. Shareholders approved the issue of options to directors at the company's AGM and the results of these resolutions were subsequently announced to the market. There have also been a number of significant board changes which cumulated in the announcement that 5 of the 9 Arafura directors were stepping down (ASX: ARU 16 February 2011). Following these changes and upon review of all directors positions it was discovered that the Appendices 3Y for the above three directors had not previously been lodged due to an administrative oversight.
2. In accordance with the Corporate Governance guidelines the Company has a securities trading policy, a copy of which is provided to all directors upon their appointment to the board. The policy sets out the requirements in order to ensure the Company is able to meet its disclosure obligations under listing rule 3.19A.
3. The Company is of the view that it has adequate arrangements in place with the directors of the Company to ensure that a director of the Company discloses all information required by the Company to give the ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A.

In addition to having previously reported the option issues post the AGM, we wish to also advise that the options were correctly reported in the company's Appendix 5B for the December 2011 quarter.

Should you require further information, please contact me.

Yours sincerely

(sent electronically without signature)

Gavin Lockyer
Company Secretary
Arafura Resources Limited.

ARAFURA RESOURCES LIMITED

arafura@arafuraresources.com.au www.arafuraresources.com.au ABN 22 080 933 455

PERTH: Level 5/16 St Georges Terrace, Perth WA 6000 | PO Box 5773, St Georges Terrace, Perth WA 6831 T: +618 6210 7666 F: +618 9221 7966

DARWIN: 18 Menmuir Street, Winnellie NT 0820 | PO Box 37220, Winnellie NT 0821 T: +618 8947 5588 F: +618 8947 5599

WHYALLA: Unit 18, 11 Darling Terrace, Whyalla SA 5600 | PO Box 511, Whyalla SA 5600 T: +618 8645 5509 F: +618 8645 1856



ASX Compliance Pty Limited
ABN 26 087 780 489
Level 8 Exchange Plaza
2 The Esplanade
PERTH WA 6000

GPO Box D187
PERTH WA 6840

Telephone 61 8 9224 0000
Facsimile 61 8 9221 2020
www.asx.com.au

21 February 2012

Gavin Lockyer
Company Secretary
Arafura Resources Limited
Level 5, 16 St Georges Terrace
PERTH WA 6000

Dear Gavin

Arafura Resources Limited (the "Company")

We refer to the following:

1. The Company's announcements lodged with ASX Ltd ("ASX") on 17 February 2012 regarding a change of director's interest notice for Mr Alex Losada-Calderon, Mr Christopher Tonkin and Ms Shasha Lu ("Appendices 3Y").
2. Listing rule 3.19A which requires an entity to tell ASX the following:
 - 3.19A.1 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times:*
 - *On the date that the entity is admitted to the official list.*
 - *On the date that a director is appointed.*

The entity must complete an Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.
 - 3.19A.2 *A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust). The entity must complete an Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.*
 - 3.19A.3 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete an Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.*
3. Listing rule 3.19B which states as follows.

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

As the Appendices 3Y indicate a change in Mr Tonkin's notifiable interest occurred on 15 December 2011 and Mr Losada-Calderon's and Ms Lu's notifiable interest occurred on 16 December 2011, the Appendices 3Y should have been lodged with the ASX by 22 December 2011 and 23 December 2011 respectively. As the Appendices 3Y were lodged on 17 February 2012 it appears that the Company may be in breach of listing rules 3.19A and/or 3.19B.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions.

1. Please explain why the Appendices 3Y were lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by e-mail to Dave.Filov@asx.com.au or by facsimile on facsimile number +61 8 9221 2020. It should not be sent to ASX Market Announcements.

A response is requested as soon as possible and, in any event, not later than **3:00 pm WST on Thursday 23 February 2012**.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and must separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely,

[sent electronically without signature]

Dave Filov
Adviser, Listings (Perth)