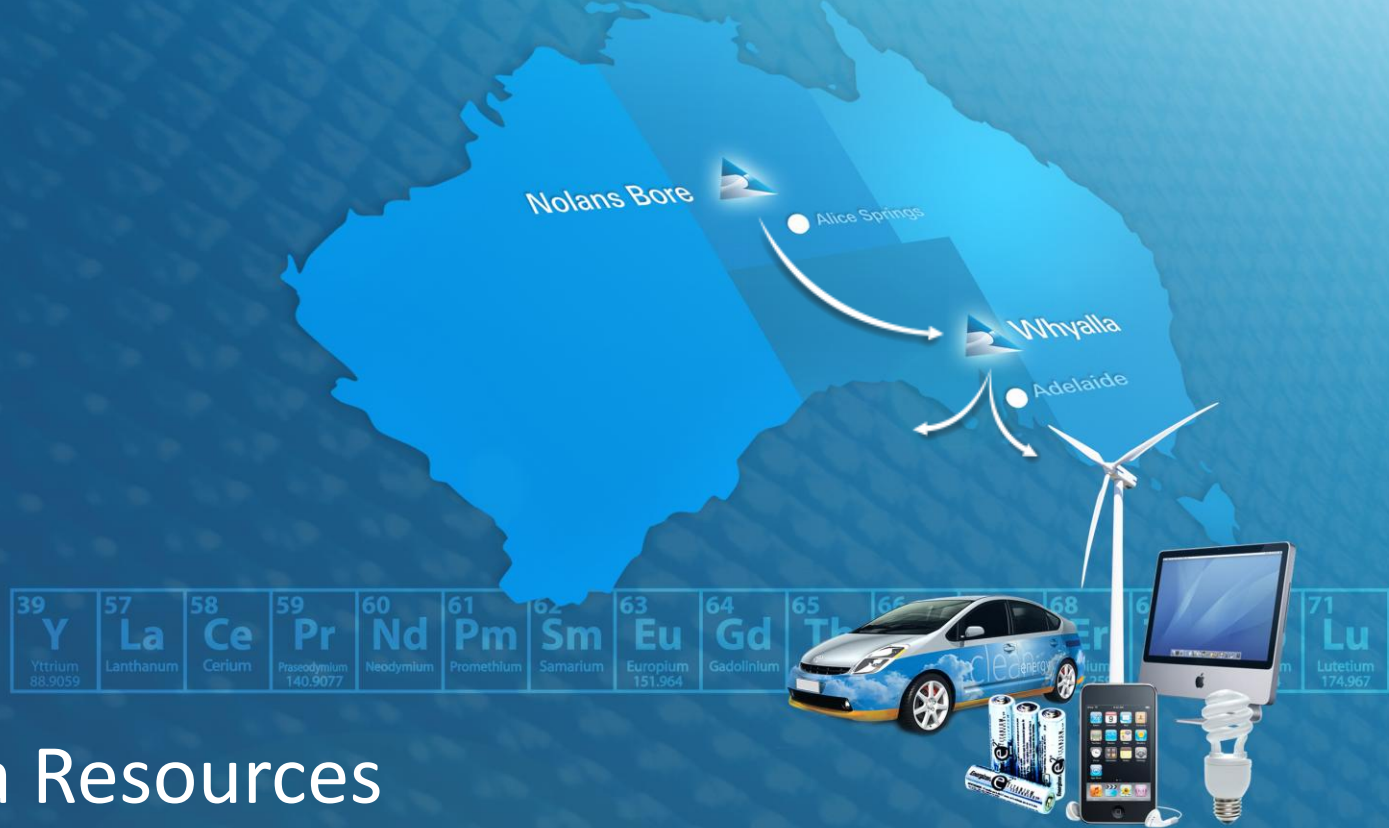


ARAFURA ADDING VALUE IN AUSTRALIA
TO PRODUCE RARE EARTHS
FOR USERS WORLDWIDE



Arafura Resources

Ian Kowalick – Chairman
BBY Rare Earths Conference, Sydney
March 2012

Important Notice

This presentation contains certain statements which may constitute “forward-looking statements”. Such statements are only expectations or beliefs and are subject to inherent risks and uncertainties which could cause actual values, results or performance achievements to differ materially from those expressed or implied in this presentation. No representation or warranty, express or implied is made by Arafura Resources Limited (“**Arafura Resources**”) that any forward-looking statement contained in this presentation will occur, be achieved or prove to be correct. You are cautioned against relying upon any forward looking statement.

Except for statutory liability which cannot be excluded, each of Arafura Resources and its related body corporates and their officers, employees and advisers expressly disclaims any responsibility for the accuracy or completeness of the material contained in this presentation and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in this presentation or any error in it or omission from it. Arafura Resources accepts no responsibility to update any person regarding any inaccuracy, omission or change in information in this presentation or any other information made available to a person, nor any obligation to furnish the person with any further information.

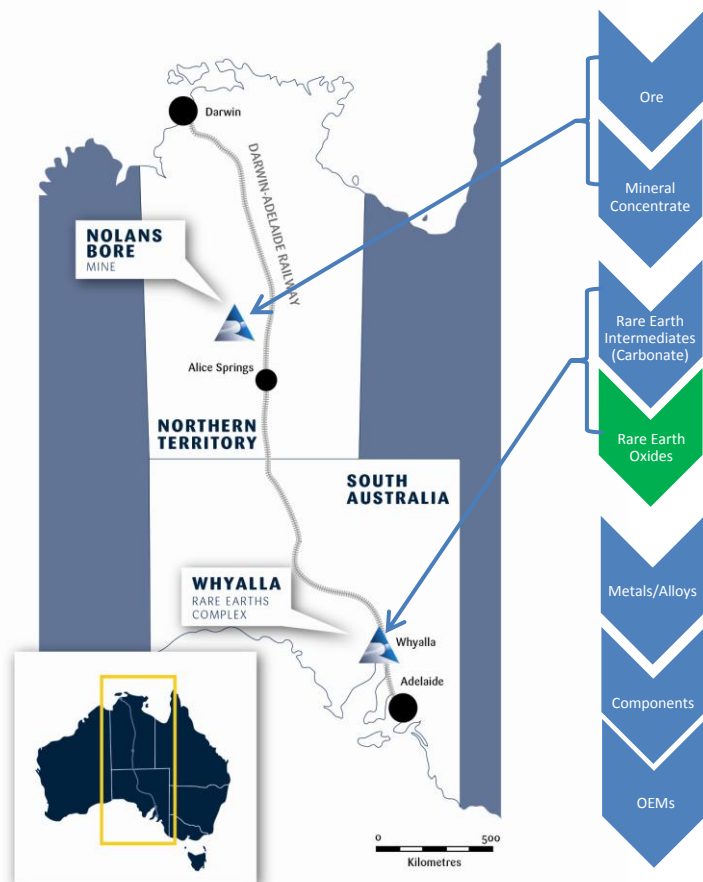
This presentation does not constitute an offer of securities in Arafura Resources, nor an invitation to apply for such securities. This presentation does not provide investment advice or financial product advice. You should obtain professional advice and carry out your own independent investigations and assessment of the information in this presentation (including any assumptions) before acting.

Information in this presentation which is attributed to a third party source has not been checked or verified by Arafura Resources.

The information in this presentation that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Richard Brescianini BSc(Hons). Mr Brescianini is a Member of the Australian Institute of Geoscientists and he has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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)”. Mr Brescianini consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.

Mr Brescianini is a full-time employee of Arafura Resources.

Our Vision is to be the recognized leading supplier of Rare Earths to the world from Australia.



2011/12 was a year of contrasts for Arafura

Excellent progress has been made

- Secured Whyalla site for RE Complex;
- Signed first LOI for REO product sales with ThyssenKrupp Metallurgical Products;
- Built and operated pre-leach demonstration plant ;
- Demonstrated recirculation of primary leaching raw material (Hydrochloric Acid);
- Produced Gypsum by-product for customer evaluation;
- Produced REO products (HREE, SEG, Nd-Pr) for customer evaluation;
- Built RE sulphation & purification demonstration plant;
- Completed major resource upgrade at Nolans Bore.

.... despite substantial challenges

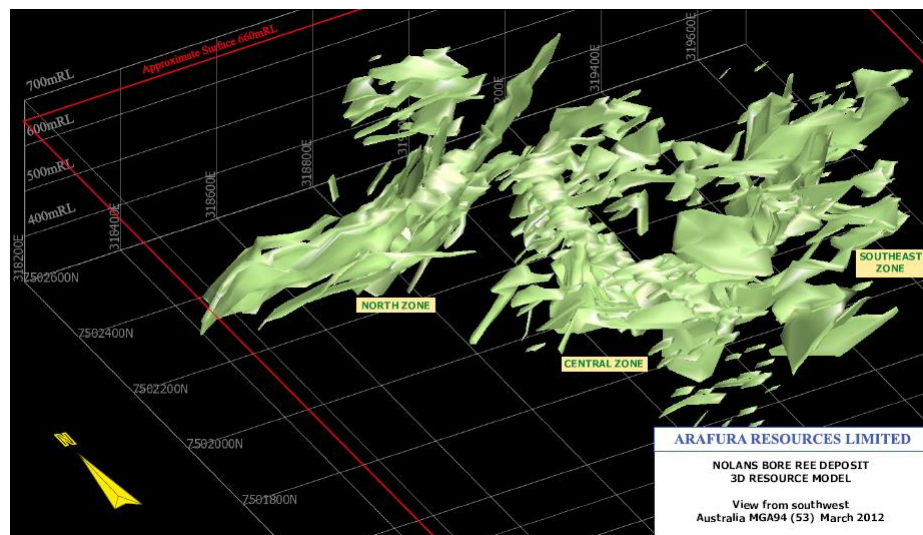
- Volatile capital markets:
 - Board re-structure;
 - Deferment of work programs;
 - Delays in delivering feasibility studies.

Nolans Project – Overview

Nolans Project is world scale and strategically significant

- One of a small number of long-life Rare Earth projects in a stable geopolitical environment;
- Higher proportion of desirable “magnet feed” Rare Earths (Nd + Pr + Dy) *c.f.* other projects;
- Nolans Bore resource remains open at depths beyond 250m;
- Technology development well-advanced: Arafura’s REO samples currently being evaluated by target customers.

	Tonnes (million)	REO %	Contained Tonnes REO	Contained Tonnes P ₂ O ₅	Contained Pounds U ₃ O ₈
Measured	4.3	3.4	146,200	516,000	2,623,000
Indicated	21	2.5	525,000	2,520,000	8,610,000
Inferred	21	2.3	483,000	2,100,000	7,770,000
TOTAL	46	2.5	1,150,000	5,060,000	18,860,000



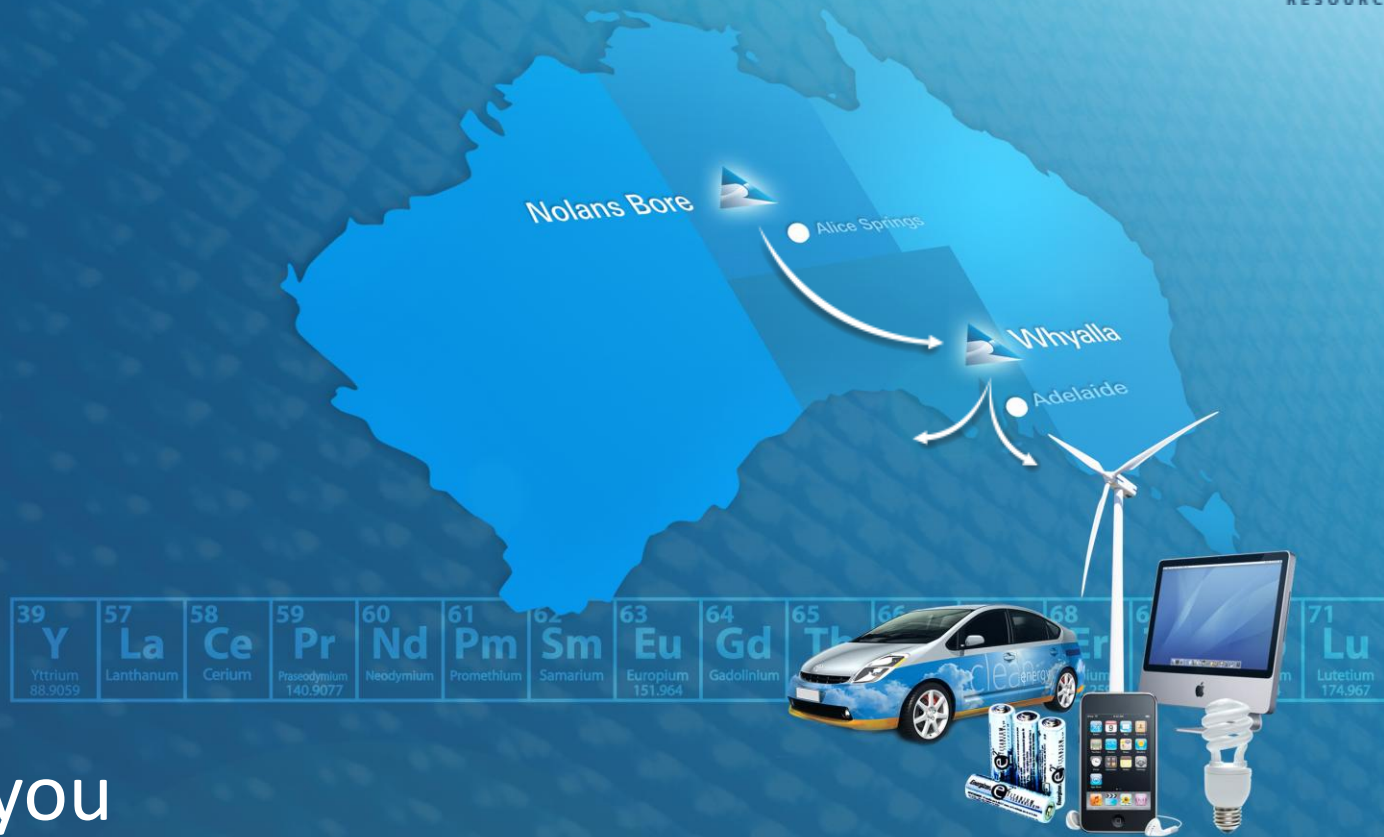
Current work streams are targeting:

- Production of Cerium Oxide and Lanthanum Oxide for customer assessment;
- Securing provisional sales agreements with strategic customers;
- Mine planning and beneficiation optimisation;
- Environmental Impact Statements for Nolans Bore and Whyalla.

Arafura and the Nolans Rare Earths Project remains a compelling value proposition despite short-term funding challenges

- Strong support from major shareholder;
- Strong support from Australian/NT/SA governments and local communities;
- Robust and well regarded 'All Australian' business model;
- Australian developed and proven technology;
- Nolans Rare Earths Project well-advanced and likely to be one of a very small number of secure supply sources in production this decade.

ARAFURA ADDING VALUE IN AUSTRALIA TO PRODUCE RARE EARTHS FOR USERS WORLDWIDE



Thank you