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ASX RELEASE

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SUCCESSFUL PRODUCTION OF RARE EARTH OXIDES

Australian rare earths company Arafura Resources Limited (ASX: **ARU**) ("**Arafura**" or "**the Company**") is pleased to announce the successful production of commercial quality separated Rare Earth Oxides (REO). Rare Earth Oxide separation is one of the key technology work streams in progress for the Nolans Project Feasibility Study (ARU: ASX 29/06/10).

Separated middle rare earth oxides (MREE¹) and heavy rare earth oxides (HREE²) have now been produced at the laboratories of the Australian Nuclear Science and Technology Organisation ("ANSTO") in Sydney.

Following initial laboratory work a fully integrated mini-plant representing the MREE and HREE production circuit was successfully operated continuously for 62 hours, resulting in commercial quality MREE and HREE products.

Laboratory-scale separation of individual light rare earth oxide (LREE³) fractions (La, Ce and Nd/Pr) is now in progress.

"The production of separated Rare Earth Oxides presents Arafura with the opportunity to extract maximum value from the Nolans Project," Arafura's Managing Director & CEO, Dr Steve Ward, said. "This is a very substantial milestone on our Company's path to becoming the pre-eminent supplier of Rare Earth Oxides to the world from operations wholly within Australia."

A pilot plant to produce commercial quality samples of all separated REO products – La, Ce, Nd/Pr, MREE and HREE – for customer assessment is planned to follow successful completion of LREE test work.

For further information contact:

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¹ Middle Rare Earth Elements: Sm (Samarium), Eu (Europium), Gd (Gadolinium)

² Heavy Rare Earth Elements: Tb (Terbium), Dy (Dysprosium), Ho (Holmium), Er (Erbium), Tm (Thulium), Yb (Ytterbium), Lu (Lutetium), Y (Yttrium)

³ Light Rare Earth Elements: La (Lanthanum), Ce (Cerium), Pr (Praseodymium), Nd (Neodymium)