



ASX ANNOUNCEMENT

22 February 2010

Jervois JV Letter of Intent

Arafura Resources Limited (ASX: ARU) (“Arafura” or “the Company”) announces the expiration of the letter of intent (“LOI”) with Jiangsu Eastern China Non-Ferrous Metals Investment Holding Co., Ltd (“ECE”) over the Company’s Jervois tenements.

Under the terms of the LOI announced in April 2009, ECE would sole fund up to AUD\$8,000,000 on exploration of the Jervois tenements (EL 10215, EL 26231, EL 26318, EL 26812) for an equity interest of 51%, subject to a number of ongoing conditions being met. Some conditions precedent have not been achieved within a specified timeframe and this LOI has now lapsed. Consequently, Arafura and ECE have agreed to discontinue discussions on Jervois and Arafura will pursue other interested parties.

For further information contact: Dr. Steve Ward CEO & MD Arafura Resources Limited.

About Arafura Resources

Arafura Resources Limited is a Perth-based speciality metals explorer and emerging producer. It is listed on the Australian Securities Exchange (ASX) under the code ARU.

The Company’s prime focus is on developing its world-class 100%-owned Nolans Rare Earths-Phosphate-Uranium Project in Australia’s Northern Territory. Nolans has current resources of 30.3 million tonnes that can sustain a mine life of more than 20 years. The deposit contains 848,000 tonnes of rare earths (REO), 3.9 million tonnes of phosphate (P₂O₅), and 13.3 million pounds of uranium (U₃O₈).

‘Rare earths’ is the key term given to 15 metallic elements known as the lanthanide series plus yttrium. They play a key role in a wide range of ‘green’ products – from energy efficient compact fluorescent light bulbs to rechargeable batteries and magnets in the electric motors of hybrid cars, automatic catalytic converters and wind turbines. They are also essential in the manufacture of lifestyle products such as LCD screens, iPods and computer hard disc drives.

Arafura has developed a processing flowsheet for the Nolans Project that optimises the extraction of rare earths, phosphoric acid and uranium, and has demonstrated the recovery of these commodities at a pre-production scale pilot plant.

The Company has an exploration and development strategy to grow its position in rare earths beyond the Nolans Project.

Arafura also has interests in a number of other projects in the Northern Territory that are prospective for gold, base metals, iron and vanadium.