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ASX RELEASE

29 JULY 2010

JERVOIS VANADIUM PROJECT
INTERIM ASSAY RESULTS

Highlights

- **Arafura recently commenced an assay program for samples obtained during the 2008 drill program**
- **New assays of vanadium-bearing magnetite mineralisation average 0.48% V_2O_5, 21.7% Fe and 4.76% TiO_2**
- **Significant drill intervals include:**
  - **49 metres at 0.96% V_2O_5 in UNRC018**
  - **54 metres at 0.72% V_2O_5 in UNRC019**
  - **50 metres at 0.62% V_2O_5 in UNRC024**
- **Concentrate grades from drill samples average 1.69% V_2O_5, 64.3% Fe and 4.65% TiO_2**
- **Five drill intervals returned concentrate grades in excess of of 2% V_2O_5, with the highest value of 2.13% V_2O_5 achieved over a 41 metre interval**
- **Average recovery of V_2O_5 in concentrate is 66%**

Australian rare earths company Arafura Resources Limited (ASX: **ARU**) ("**Arafura**" or "**the Company**") has, since 2005, explored for magnetite-hosted vanadium mineralisation at its Jervois Project, located approximately 290 kilometres north-east of Alice Springs in the Northern Territory (see http://www.arafuraresources.com.au/portfolio.html). A reconnaissance drill program in 2006 encountered several significant intervals of vanadium-bearing magnetite mineralisation. Assay, recovery and metallurgical results from the 2006 program were reported by Arafura in mid-2007 (ARU: ASX 19/06/07; ARU: ASX 11/07/07).

A second-phase drill program, comprising 45 RC holes for 4,840 metres, was completed in the first half of 2008 to better outline the extent of mineralisation intersected in 2006, and to test new target areas (Figure 1). Drill hole depths ranged from 40 metres to 120 metres, and the majority of holes were inclined at 60° to the west. As was the case in 2006, a number of substantial intersections of strong magnetite mineralisation were made. Geochemical analysis of mineralised samples from the 2008 program was suspended by Arafura in October 2008 due to funding constraints brought on by the Global Financial Crisis.

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In April 2009, Arafura signed a Joint Venture Letter of Intent (JV LOI) with the East China Mineral Exploration and Development Bureau to further evaluate the Jervois Project (ARU: ASX 20/04/09). The LOI lapsed in February 2010 (ARU: ASX 22/02/10). Since that time, Arafura has concentrated its efforts on securing an alternative JV participant.

No field-based exploration has been conducted at Jervois since the completion of the 2008 field program for the reasons outlined above. As part of its statutory obligation to keep the Jervois Project tenements in good standing, the Company decided to recommence the analysis process suspended in October 2008 (ARU: ASX 30/04/10).

The first batch of assay and recovery results from the 2008 drill program is presented below.

Assay Results (drill composite assay samples and DTR magnetite concentrates)

Most results reported here are from 18 RC drill holes (UNRC018-UNRC035) designed to test the high priority Casper magnetic target for vanadium-bearing magnetite (Figure 2). The Casper magnetic target measures approximately 500 metres by 300 metres, and drilling was completed on 50 metre centres along east-west lines spaced 100 metres apart. Part of this magnetic anomaly was drill tested in 2006 (holes UNRC001 and UNRC002), returning some of the best mineralised intersections in that program.

All 18 holes drilled at the Casper prospect during 2008 intersected magnetite mineralisation. Strong magnetite mineralisation encountered in holes UNRC019 and UNRC020 remains open at depth. Drill holes UNRC021, UNRC023 and UNRC026 intersected discrete low-grade magnetite intervals. Of these three holes, only UNRC021 has been assayed.

The best mineralised intersections from the 2008 drill program are as follows:

Hole ID	Drill intervals			RC Drill sample assays			DTR	Concentrate assays			Recovery in concentrate		
	From (m)	To (m)	Intvl (m)	Fe (%)	V_2O_5 (%)	TiO_2 (%)	Rec (%)	Fe (%)	V_2O_5 (%)	TiO_2 (%)	Fe recovery (%)	V_2O_5 recovery (%)	TiO_2 recovery (%)
UNRC018	0	49	49	34.5	0.96	8.55	33.6	62.5	2.10	7.78	60.4	72.5	30.0
UNRC019	21	75	54	27.8	0.72	6.89	28.7	64.4	2.00	5.69	62.6	77.4	23.5
UNRC020	43	84	41	19.3	0.44	4.72	15.4	64.0	2.13	5.53	48.9	71.2	18.0
	94	120	26	27.4	0.72	6.51	28.9	65.0	1.95	5.05	64.9	74.6	21.7
UNRC024	27	77	50	24.7	0.62	5.65	21.5	65.5	1.91	4.49	52.6	62.7	16.3
UNRC025	96	114	18	20.7	0.50	4.59	15.8	65.7	2.08	4.04	48.9	64.4	13.6
UNRC032	26	73	47	23.9	0.46	4.44	18.9	64.2	1.68	5.83	54.0	66.5	24.0

The weighted average of magnetite mineralisation intersected during drilling of the Casper magnetic anomaly in 2008 is shown in the table below. The mineralised intervals are based on geological logging data, field and laboratory magnetic susceptibility

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measurements, and a 10% Davis Tube Recovery ("DTR") cut-off with minimum internal dilution.

Metres of mineralised drill intervals used in weighted average	RC Drill sample assays			DTR	Concentrate assays			Recovery in concentrate		
	Fe (%)	V_2O_5 (%)	TiO_2 (%)	Rec (%)	Fe (%)	V_2O_5 (%)	TiO_2 (%)	Fe recovery (%)	V_2O_5 recovery (%)	TiO_2 recovery (%)
668	**21.7**	**0.48**	**4.76**	**19.1**	**64.3**	**1.69**	**4.65**	**54.3**	**66.0**	**18.2**

Iron (Fe), vanadium (as V_2O_5) and titanium (as TiO_2) assay and recovery data corresponding to all magnetite intersections (drill composites and concentrates) from the 2008 RC drill program are appended as Table 1. In summary, magnetite mineralisation from the Casper prospect can be characterised as follows:

- Thickness: 1-54 metres (true thickness unknown);
- Drill intersection composite grades: 0.23-1.05% V_2O_5;
- Recovery: up to 43.6 wt% (Davis Tube testing of 100p75µm);
- Concentrate grades: 1.12-2.13% V_2O_5; and
- V_2O_5 recovery in concentrate: 50-77 wt%.

Analytical work on selected drill samples and mineralised intervals from the remaining holes from the 2008 drill program (UNRC036-UNRC060) will be commissioned shortly.

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Chemical Assay Methodology

The preparation and testing protocol closely follows that of the previous test work for the Jervois Vanadium Project (ARU: ASX 19/06/2007) and is illustrated in a simplified process diagram at http://www.arafuraresources.com.au/documents/Jervoisgeochemprocess090607_000.pdf.

Drill samples were selected on the basis of geology and magnetic properties. 1031 x 1m RC samples were submitted for laboratory compositing. After drying and crushing, drill sample composites were prepared so that assay samples represented continuous mineralised intervals of 4 or 5 metres. A total of 265 composited assay samples were prepared and submitted for laboratory testing at ALS Chemex in Perth.

These assay sample composites were analysed using standard techniques to determine the magnetite recovery and for chemical analysis. The Davis Tube Recovery ("DTR") method was used to measure magnetite recovery after the samples were ground to 100% passing 75 micron (100p75µm) grind size.

196 composite assay samples and magnetite concentrates were then analysed by Fusion XRF (X-ray fluorescence spectrometry) and for LOI (loss-on-ignition). 69 composite samples were not assayed because laboratory magnetic susceptibility measurements and confirmatory DTR studies indicated their magnetite content was too low to be of interest; a 10% DTR cut-off was used. The DTR magnetite concentrate recovery and chemical analyses were used to determine the recovery of iron (Fe), vanadium pentoxide (V_2O_5) and titanium dioxide (TiO_2) in the concentrates.

A representative suite of assay samples have been independently verified at Ultra Trace Pty Ltd to confirm the assay results.

Competent Person's Statement

The information in this release that relates to exploration results and geological interpretation has been compiled by Mr Kelvin Hussey BSc (Hons).

Mr Hussey 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 *Australasian Code for Reporting of Mineral Resources and Ore Reserves* (JORC Code) for reporting these exploration results. Mr Hussey is a full-time employee of Arafura Resources Limited. He consents to the inclusion in this report of the contained technical information in the form and context in which it appears.

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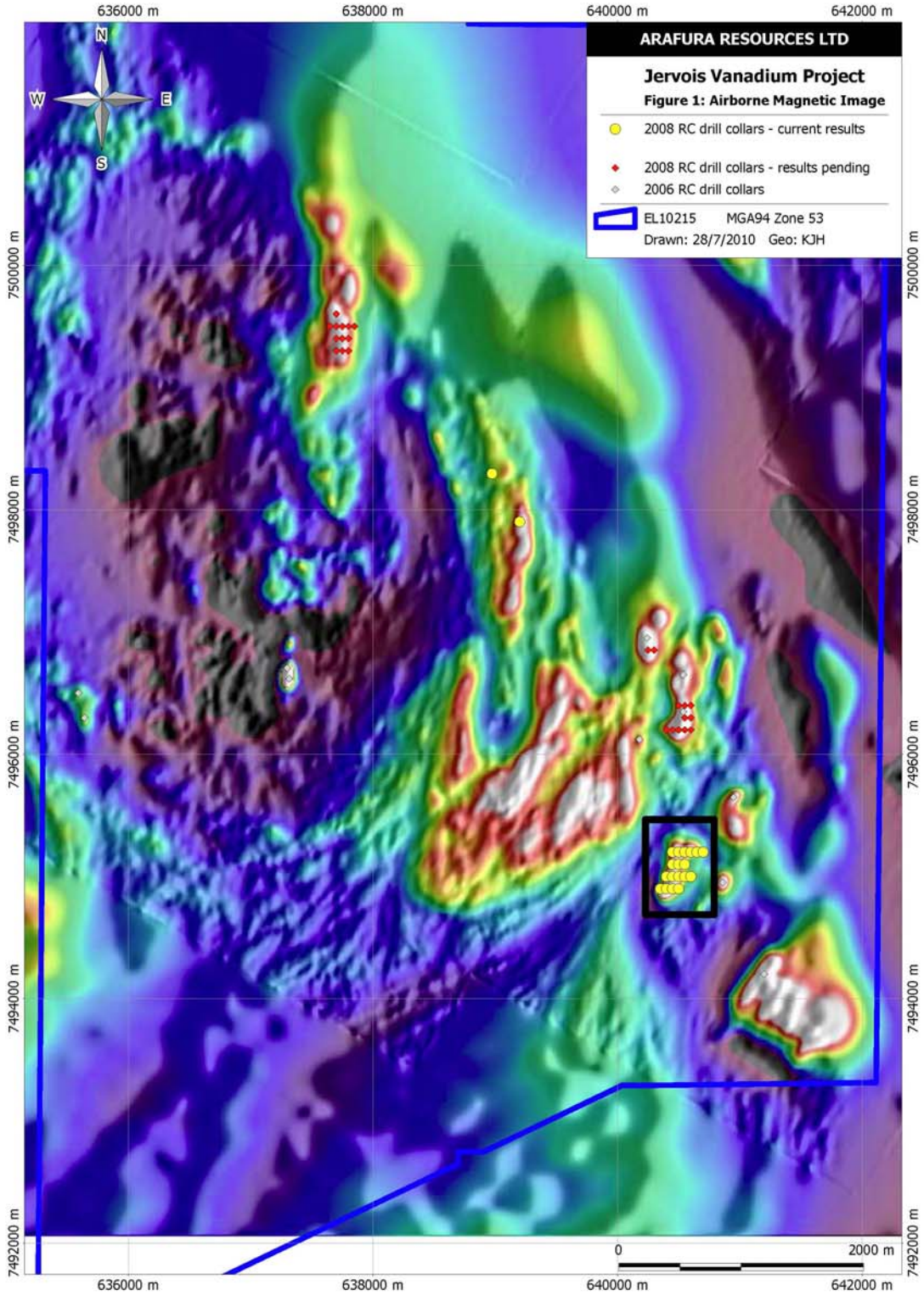

Figure 1: 2008 and 2006 RC drill hole locations, Jervois Vanadium Project, NT. The location of the Casper prospect is shown by the black box.

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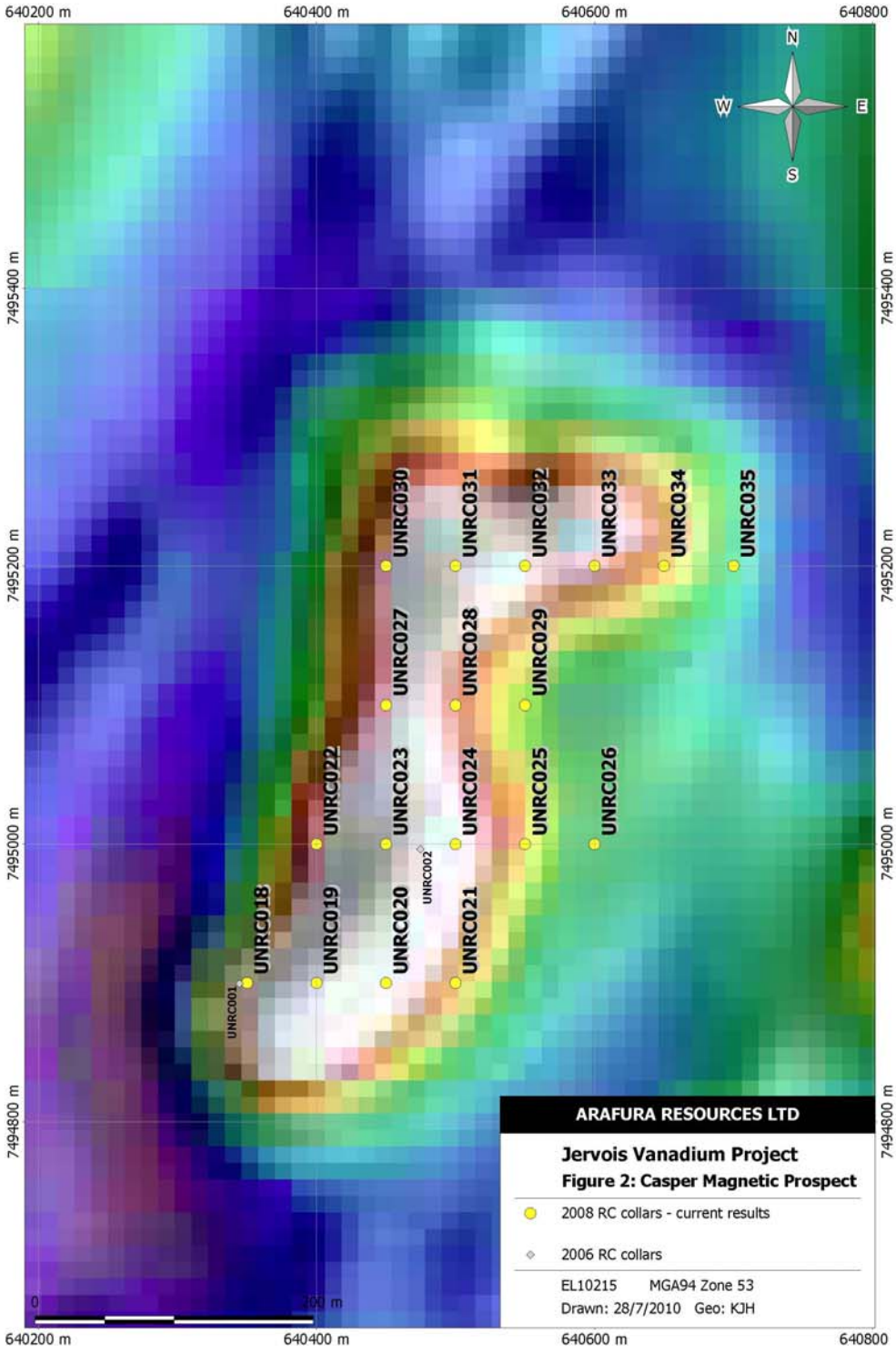

Figure 2: Location of 2008 and 2006 RC drill holes, Casper prospect

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Table 1: RC Drill Results, Jervois Vanadium Project, NT.

	Hole location and details					Mineralised Drill intervals			RC Drill sample assays			DTR	Concentrate assays			Recovery in concentrate		
Hole ID	**Easting MGA94 Z53**	**Northing MGA94 Z53**	**Azimuth**	**Inclination**	**EOH (metres)**	**From (metres)**	**To (metres)**	**Interval (metres)**	**Fe (%)**	**V_2O_5 (%)**	**TiO_2 (%)**	**Rec (%)**	**Fe (%)**	**V_2O_5 (%)**	**TiO_2 (%)**	**Fe recovery (%)**	**V_2O_5 recovery (%)**	**TiO_2 recovery (%)**
UNRC017*	639200	7497900	-	-90	91	19	44	25	11.7	0.02	0.83	11.4	68.6	0.09	0.52	67.1	60.8	7.1
UNRC018	640350	7494900	270	-60	72	0	49	49	34.5	0.96	8.55	33.6	62.5	2.10	7.78	60.4	72.5	30.0
UNRC019	640400	7494900	270	-60	75	21	75	54	27.8	0.72	6.89	28.7	64.4	2.00	5.69	62.6	77.4	23.5
UNRC020	640450	7494900	270	-60	120	43	84	41	19.3	0.44	4.72	15.4	64.0	2.13	5.53	48.9	71.2	18.0
						94	120	26	27.4	0.72	6.51	28.9	65.0	1.95	5.05	64.9	74.6	21.7
UNRC021	640500	7494900	270	-60	114	31	33	2	18.3	0.23	4.15	11.7	67.2	1.29	2.13	43.1	65.9	6.0
						40	42	2	18.9	0.29	4.22	10.0	67.8	1.64	1.48	35.9	57.4	3.5
						60	61	1	20.0	0.40	5.54	10.3	66.8	2.07	1.64	34.6	54.0	3.1
						78	81	3	18.2	0.28	4.11	10.7	64.9	1.71	2.62	38.2	64.9	6.8
						90	99	9	16.1	0.28	3.65	9.8	64.9	1.86	3.75	39.4	64.8	10.0
UNRC022	640400	7495000	-	-90	100	0	7	7	20.7	0.36	4.69	14.1	65.9	1.96	4.52	40.8	53.5	10.9
						17	19	2	29.5	0.56	5.36	29.2	65.3	1.33	5.20	64.5	69.8	28.3
						43	52	9	18.5	0.38	4.27	14.7	64.1	1.38	5.30	47.0	51.7	18.3
UNRC023**	640450	7495000	270	-60	114	57	59	2				12.5						
						65	67	2				10.6						
						72	74	2				13.4						
						82	85	3				9.7						
UNRC024	640500	7495000	270	-60	114	27	77	50	24.7	0.62	5.65	21.5	65.5	1.91	4.49	52.6	62.7	16.3
UNRC025	640550	7495000	270	-60	114	84	86	2	22.6	0.37	6.01	17.6	66.0	1.49	4.32	51.5	70.0	12.7
						96	114	18	20.7	0.50	4.59	15.8	65.7	2.08	4.04	48.9	64.4	13.6
UNRC026**	640600	7495000	270	-60	114	105	106	1				10.0						

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UNRC027	640450	7495100	270	-60	114	38	42	4	17.0	0.29	3.27	13.6	63.0	1.47	7.73	50.4	69.8	32.1
						51	52	1	22.6	0.45	5.81	20.0	64.7	1.41	4.81	57.2	63.0	16.5
						62	108	46	18.3	0.35	3.72	14.5	65.9	1.30	3.46	47.8	52.7	13.6
UNRC028	640500	7495100	270	-60	114	53	74	21	18.8	0.43	4.14	17.4	55.5	1.37	4.07	46.1	52.3	15.8
						81	87	6	20.5	0.39	4.84	19.0	64.4	1.32	5.52	54.0	61.6	20.6
						112	114	2	23.3	0.45	4.39	21.5	67.7	1.41	2.65	62.6	68.0	13.0
UNRC029	640550	7495100	270	-60	118	70	71	1	21.5	0.44	5.40	16.5	62.9	1.65	7.45	48.3	62.7	22.8
						93	118	25	18.3	0.37	3.51	16.0	65.1	1.64	5.07	54.1	69.9	21.7
UNRC030	640450	7495200	-	-90	100	15	47	32	16.5	0.33	3.34	15.0	66.1	1.53	3.91	58.9	68.3	17.7
						75	100	25	16.5	0.30	2.65	16.5	68.0	1.30	1.16	68.0	71.9	7.3
UNRC031	640500	7495200	270	-60	114	10	12	2	42.2	1.05	9.29	43.6	65.6	1.84	4.79	67.7	76.0	22.5
						33	43	10	16.5	0.34	3.93	14.7	65.8	1.38	3.45	58.3	61.2	13.0
						68	80	12	16.1	0.32	3.40	13.1	66.3	1.51	2.92	54.1	62.2	11.5
						87	104	17	15.8	0.27	2.58	15.2	67.8	1.32	1.45	64.9	72.9	8.2
UNRC032	640550	7495200	270	-60	114	26	73	47	23.9	0.46	4.44	18.9	64.2	1.68	5.83	54.0	66.5	24.0
						81	88	7	13.1	0.25	2.45	11.0	67.1	1.42	1.97	56.2	62.4	8.9
						100	114	14	14.3	0.28	2.91	12.4	67.5	1.45	1.69	58.2	65.1	7.3
UNRC033	640600	7495200	270	-60	114	20	24	4	17.9	0.28	3.58	10.4	64.7	1.59	3.79	37.7	58.4	11.0
						33	51	18	20.2	0.40	4.44	13.8	64.7	1.84	4.38	43.4	63.2	13.2
						66	92	26	27.7	0.62	5.90	25.8	51.6	1.45	5.56	49.7	61.4	24.2
						102	114	12	14.8	0.28	2.80	11.2	66.8	1.46	3.16	50.2	56.8	13.1
UNRC034	640650	7495200	270	-60	114	51	69	18	21.1	0.40	4.73	15.0	62.7	1.71	7.56	44.3	63.9	23.9
						75	83	8	20.7	0.44	4.13	19.5	64.9	1.69	5.68	58.7	72.6	26.3
						87	102	15	17.5	0.32	3.36	14.1	65.4	1.56	4.49	52.0	66.5	19.0
UNRC035	640700	7495200	270	-60	114	81	86	5	15.1	0.25	3.25	11.1	66.7	1.12	3.02	48.6	50.1	10.5
						94	109	15	14.3	0.28	2.78	13.2	66.6	1.43	3.35	61.7	67.9	16.0

* UNRC017 was drilled to test a lower-priority magnetic target within the Bonya Schist. This concentration of fine-medium grained magnetite within the Bonya Schist is very different to the style of magnetite mineralisation found within the Attutra Metagabbro. UNRC016 was drilled to test for groundwater. UNRC016 did not intersect significant magnetite.

** Discrete weakly mineralised intercepts in this hole were not assayed.

All other holes were designed to test mineralisation at the Casper magnetic anomaly within the Attutra Metagabbro.

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