

ASX RELEASE

14 January 2011



**AN EMERGING
RARE EARTHS
PRODUCER
FOR USERS
WORLDWIDE**

NOLANS RARE EARTHS VALUATION 14 JANUARY 2011

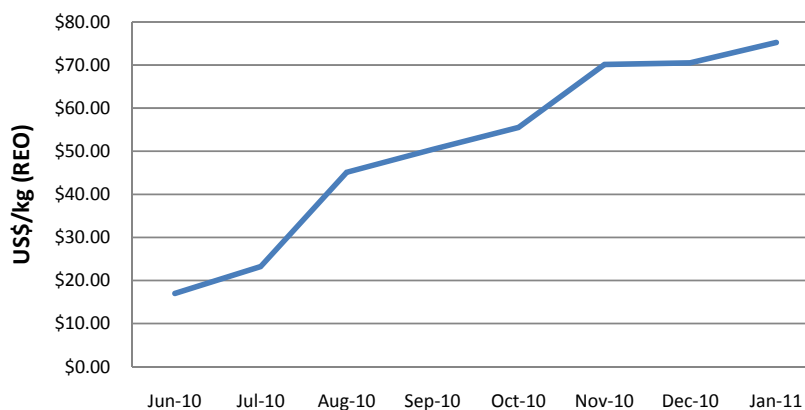
Rare Earths prices have continued to increase into 2011. Industry analysts attribute the price increases to a combination of the decrease in export quotas for H1 2011 as announced by the Chinese Ministry of Commerce and increased demand, particularly for cerium and lanthanum. Consequently the Nolans Rare Earths mix average valuation currently stands at US\$75.23/kg based on current Metal Pages China FOB prices for rare earths oxides. (Previously \$70.52 at the end of December 2010).

China currently supplies approximately 95% of the world's needs for these strategic metals which are critical to high tech industries including electric vehicles, rechargeable batteries, energy efficient lights and iPods, and there are limited alternate sources.

As rare earths constitute only a small portion of the cost of finished products, the impact of higher prices on the final article is not significant. More price rises are thought likely if China continues to restrict exports in the interests of preserving resources for domestic manufacturing.

Arafura Resources is well placed to secure sales at superior prices for their rare earths products in this climate of tightening supply with increasing demand.

**Nolans Mix In-situ Rare Earths Value
June 2010- January 2011**



Dr Steve Ward, Arafura's Managing Director and Chief Executive Officer commented "The recent further reductions in export quotas announced by China reinforce the importance of new supply sources. Arafura is one of the very few projects which is

ARAFURA RESOURCES LIMITED

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

sufficiently advanced to come into production in the short to medium term and be available to supply users worldwide.

At current prices we will receive over US\$1.5 billion each year from Rare Earths sales alone before other products are considered. The era of low priced Rare Earths is behind us and future prospects are very encouraging. Supplies will remain tight even when new projects are factored in. Current prices are already 50% greater than the upside case we used in our business update modelling issued in October 2010. We have begun 2011 with a clear determination to drive forward our Nolans Project towards securing project finance by the end of 2011 and to commence production in the second half of 2013.”

- ENDS -



For further information contact:

CORPORATE

Dr Steve Ward
Managing Director and CEO
Arafura Resources Ltd
T: +61 8 6210 7666