



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

SIGNIFICANT INCREASE IN RARE EARTH PRICES NOLANS MIX NOW \$86.26 PER KG

Australian rare earths company **Arafura Resources Limited (ASX: ARU)** (**Arafura** or **the Company**) today announced there have been further significant increases in the prices of Rare Earths quoted by Metal Pages, UK. These new prices have increased the value of 1 kg of Nolans Rare Earths mix to US\$86.26. This represents a 10% increase since January 2011, and is 2.5 times the 2010 average.

Prices have moved upwards again since China announced further reductions in Rare Earth export quotas in allocations for the first half of 2011. Prices of all Rare Earths have increased. In particular, the prices of Cerium, Neodymium and Praseodymium oxides have increased markedly in response to the new quotas. Significantly, Arafura recently announced it had successfully separated these important Rare Earths as part of its ongoing technology program (ASX: ARU 04/01/11).

Dr Steve Ward, Arafura's Managing Director and CEO, commented, "This trend is further demonstration of the very positive outlook for global Rare Earth markets. We are entering a new era for the Rare Earths industry as a very small number of suppliers from outside of China emerge in the short to medium term. Arafura will be one of these suppliers from its wholly-owned Nolans Bore Rare Earths deposit, and we are making excellent progress towards our plan for first production in 2013."

"Our project to exploit Nolans Bore to produce Rare Earth Oxides for worldwide markets will position the Company extremely well to capitalise on favourable future market conditions. It is interesting to note that in our October 2010 business update, we modelled our Nolans Project with an upside price case of US\$51/kg and this gave tremendous financials. At current prices, our annual sales revenue from Rare Earths alone will be US\$1.7 billion."

"We believe that the period of low priced Rare Earths is now behind us. Future pricing will reflect the tight ongoing market supply/demand dynamics, and recognise the criticality of Rare Earths to end applications for relatively modest input cost."

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For further information contact:

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

ARAFURA RESOURCES LIMITED

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

PERTH: Level 5/16 St Georges Tce, Perth WA 6000 | PO Box 3047, Adelaide Terrace, Perth WA 6832 T: +618 6210 7666 F: +618 9221 7966
DARWIN: 18 Menmuir St, Winnellie NT 0820 | PO Box 37220, Winnellie NT 0821 T: +618 8947 5588 F: +618 8947 5599