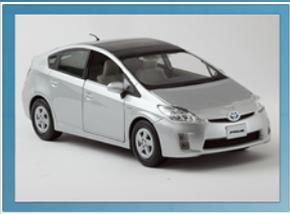


Arafura Resources Limited

3rd Annual Strategic Metals & Rare Earths Conference
26-27 February 2013

Eu Europium	Lu Lutetium	Sm Samarium	Gd Gadolinium	Ho Holmium	Ce Cerium		Tb Terbium
Er Erbium	Dy Dysprosium					Nd Neodymium	Y Yttrium
Yb Ytterbium	La Lanthanum		Pr Praseodymium	Tm Thulium			

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The information in this presentation that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Richard Brescianini BSc (Hons). Mr Brescianini is a Member of the Australian Institute of Geoscientists and he has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code)”. Mr Brescianini consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.

Mr Brescianini is a full-time employee of Arafura Resources.



Agenda

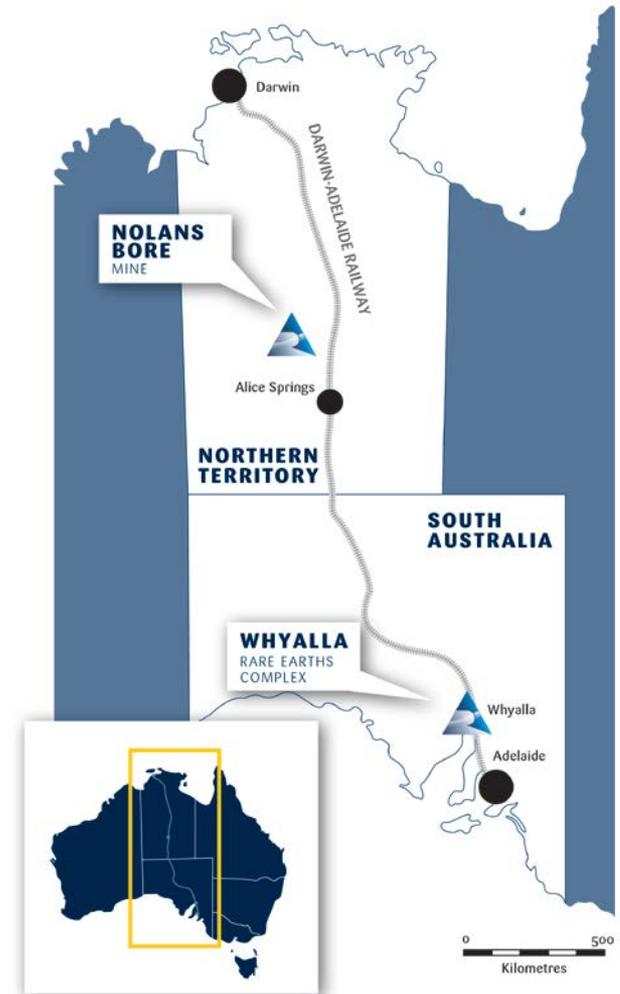
1. Introduction to Arafura
2. The Nolans Project
3. ECE partnership
4. Addressing the key issues
5. Value proposition and path ahead



1. Introduction to Arafura

Arafura Resources is an Australian company developing a major Rare Earths project, the **Nolans Project**, from a world class resource located in the Northern Territory, Australia.

ASX Code	ARU
Shares on offer	441 million
Options	11.5 million
Market Cap @ 20c	A\$88.0 million
1-year range	14 - 35 cents
Cash at 31/12/12	A\$41.0 million
Debt	nil
Top shareholders	ECE (24.86%) JP Morgan Nominees (23.52%)

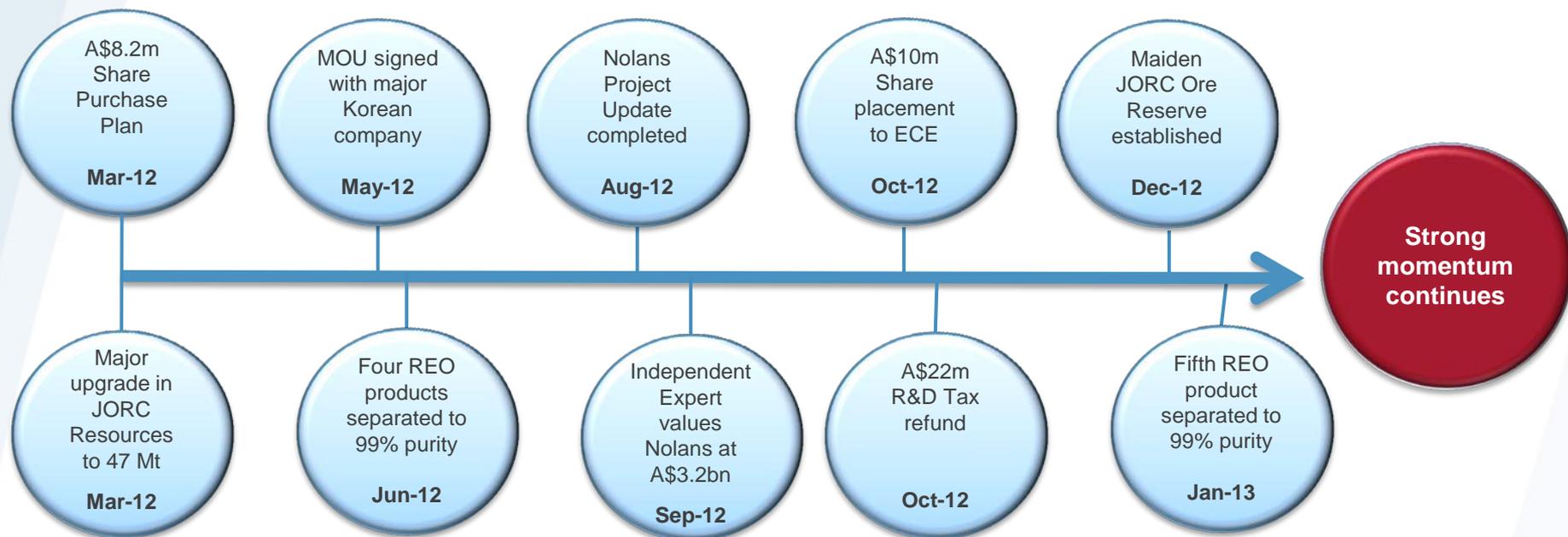


Strong investment case

- ▲ Nolans Rare Earths Project – **world scale and well advanced**
- ▲ Can supply **10% of global rare earths products** this decade
- ▲ Maiden **JORC Ore Reserve** established
- ▲ **Five REO products** separated to 99% purity
- ▲ Recent Project Update confirms **robust economics**
- ▲ Independent Expert Report confirms strong **valuation upside**
- ▲ **Chinese expertise leveraged** through strategic partnership
- ▲ Committed **Board and Management** team



Recent achievements – momentum building



Experienced Board and Management



Ian Kowalick – Non-Executive Chairman

Appointed 1 February 2012. Ian has worked in technical and project consulting, economic and business analysis for resource, banking and investment companies. Previously held the most senior management position in the South Australian public sector.



Gavin Lockyer – Company Secretary & CFO

Over 20 years' international experience in finance and mining. Held positions in senior investment banking, finance, treasury, derivatives and accounting.



Chris Tonkin – Managing Director

Over 25 years' experience as senior business executive. Proven track record in structuring and arranging complex financings for companies and projects in Australia and internationally across all major industry sectors.



Richard Brescianini – General Manager, Exploration & Development

Over 25 years' public and private experience in the minerals industry, including BHP Minerals and the NT Government's Geological Survey.



Shasha Lu – Non-Executive Director

Based in Nanjing, China – responsible for business development opportunities in China. Former Executive Director and CEO of Hong Kong East China Non-Ferrous Metal Resources Co. Ltd (part of ECE).



Neil Graham – General Manager, Operations & Technology

Over 25 years' international experience in the chemical industry encompassing design, construction and commissioning of installations. Chartered engineer, most recently worked with Orica.



Terry Grose – Non-Executive Director

30 years' experience as senior executive, consultant and director. Joined Wesfarmers Limited in 1985 as Business Development Manager and later moved to H/Kong as Executive Director of a computer software company.

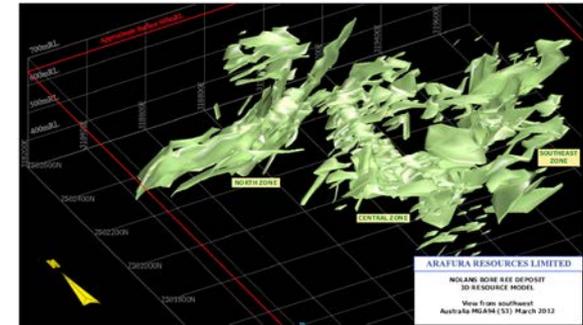


John Ganser – General Manager, Projects

Over 30 years' experience in minerals and metals industry, including Rio Tinto, BHP Billiton, Iluka Resources, Hatch, SKM GHD and Calibre Projects.

2. The Nolans Project

- ▲ Mine and concentrator at Nolans Bore in the Northern Territory
- ▲ Chemical processing in Whyalla, South Australia
- ▲ Low resource risk and a JORC Ore Reserve established early 2013
- ▲ Feasibility Study advanced to a Project Base Case established from
 - › extensive test-work and
 - › a process flow-sheet developed over seven years
- ▲ Five separated REO products
- ▲ Access to public infrastructure, services and utilities



Regulatory and community support

- ▲ **Clearly defined regulatory frameworks** in the Northern Territory and South Australia
- ▲ Whyalla Processing Complex has Major Project status from South Australian government
- ▲ Advanced environmental studies at both sites – **no major issues identified**
- ▲ Community relations, engagement and acceptance of the Project have been **very positive**



Arafura is committed to open and transparent engagement and consultation with the community as a core organisational value

Nolans Bore – world scale resource

Resources	Tonnes (million)	Rare Earths REO %	Tonnes REO	Tonnes P ₂ O ₅	Tonnes U ₃ O ₈
Measured	4.3	3.3	144,000	572,000	1,120
Indicated	21	2.6	563,000	2,610,000	4,090
Inferred	22	2.4	511,000	2,220,000	3,610
TOTAL	47	2.6	1,217,000	5,410,000	8,830

1% REO cut-off grade

- ▲ **Minimal resource risk** – approximately 90km drilling completed
- ▲ Mineral resource **remains open at depths** below 220m
- ▲ Amenable to low cost open cut mining and milling
- ▲ Standard beneficiation techniques

Nolans Bore – maiden reserve

Reserves	Tonnes (million)	Rare Earths REO %	Tonnes REO	Tonnes P ₂ O ₅	Tonnes U ₃ O ₈
Probable	24	2.8	672,000	2,976,000	4,900

- ▲ Arafura recently announced its **maiden JORC Ore Reserve**
- ▲ Based on Measured and Indicated Resource estimates as at 8 June 2012
- ▲ 95% of Measured and Indicated Resources converted to Ore Reserves
- ▲ Independently prepared JORC Ore Reserve for Nolans Bore to support a **22 year mine life**

Nolans Project Update shows robust economics

- ▲ Base Case has robust project economics over 20 years:
 - › **NPV of A\$4.3 billion** (10% discount rate)
 - › **IRR of 30%** (after tax and capital payback)
 - › **Capital payback within 4 years of operation**
 - › Capital cost A\$1.9 billion including core capex of A\$1.4 billion
- ▲ **Independent Expert Report confirms significant valuation upside of the Nolans Rare Earths Project**

**Project Technical Review and Optimisation Program
currently under way**

3. ECE Partnership

- ▲ East China Mineral Exploration and Development Bureau (“ECE”) has a long-term relationship with Arafura – first investing in ARU in 2009
- ▲ In 2012, ECE demonstrated its confidence in Arafura by increasing its ownership from 16.27% to 24.86% through a share placement
- ▲ 45,266,500 new shares were issued at A\$0.22 per share to ECE Nolans Investment Company Pty Ltd to raise \$9,958,630 in cash. This share placement represented 8.75% of Arafura’s issued capital
- ▲ The funds raised will be applied primarily towards progressing the feasibility study on the Nolans Rare Earths Project

ECE Partnership

- ▲ ECE is a strategic and important partner capable of providing:
 - › Strategic and technical support
 - › Assistance with funding options for the Nolans Project
- ▲ Through introductions provided by ECE, Arafura is engaging with Chinese rare earth experts to undertake a Technical Review and Optimisation Program for the Nolans Project.
- ▲ **Importance and advantage for Arafura:**
 - › Access to Chinese rare earth expertise that can assist and facilitate process flow sheet and design efficiencies aimed at achieving reductions in capital and operating costs
 - › Access to Chinese technology and resources
 - › China is the world's largest producer (>95%) and consumer (>70%) of rare earths

4. Addressing the key issues

- ▲ Status of the Feasibility Study
- ▲ Project economics
- ▲ Product mix
- ▲ Funding

Status of the Feasibility Study

- ▲ The Nolans Project Feasibility Study is the product of over seven years of development
- ▲ Involved bringing together much of the work that had been undertaken over that period – put together in 2012
- ▲ Enabled Arafura to set the direction and value of the Project through the establishment of a Base Case in August 2012
- ▲ Subject to a Trade Off Study Analysis (“TOSA”) designed to examine various process options that might improve on the Base Case
- ▲ Focus is now on:
 - › TOSA program outcomes, logistics, capital and operating costs
 - › Technical review and optimisation program with the assistance of Chinese experts
 - › Logistics and capital and operating expense reduction
- ▲ Target date to finalise the Feasibility Study in readiness for the Company’s major fund raising activity is December 2013

Project economics – building on the Base Case

- ▲ Base Case delivers an NPV of A\$4.3 billion and an IRR of 30%
- ▲ Since the Base Case:
 - › Rare earth prices have fallen
 - › Upward pressures on costs
 - › Project optimisation review underway
- ▲ **Optimisation benefits expected to more than offset the impact of price reductions and cost increases**

Project Optimisation Program well underway

- ▲ With the support of its major shareholder ECE, Arafura has initiated a project optimisation program and has engaged with Chinese experts
- ▲ The objective is to review and consider methods of optimising project economics, with a particular focus on seeking ways to lower risk and reduce capital and operating costs
- ▲ This will include a review of key processes and potential synergies:
 - › Beneficiation, Hydrometallurgy, Separation, Engineering Procurement and Construction
 - › Plant configuration and logistics
 - › Synergies with Chinese technology
 - › Access to existing RE technology and resources
- ▲ At this stage, the Project timetable is not expected to be significantly impacted

Product Mix – five separated REO products

- ▲ Testing completed to produce five separated REO products to 99% purity
- ▲ In-specification final REO products **verified by customers**
- ▲ LOI and MOU signed with **ThyssenKrupp and a major Korean company** for product sales (each 3,000t REO p.a.) and related business arrangements
- ▲ Strong representation of '**Critical Rare Earths**' in the Nolans product mix



Ce Oxide



HRE Oxide



La Oxide



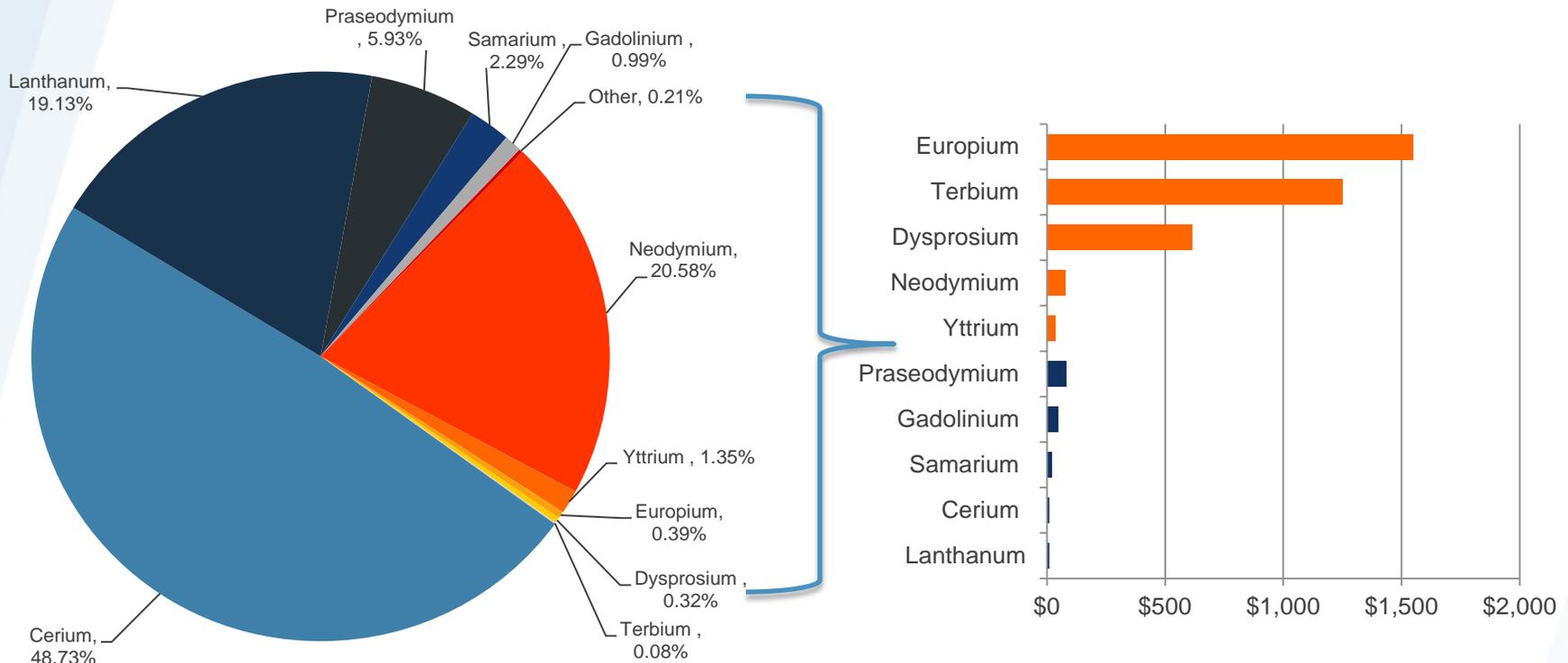
Nd/Pr Oxide



SEG Oxide

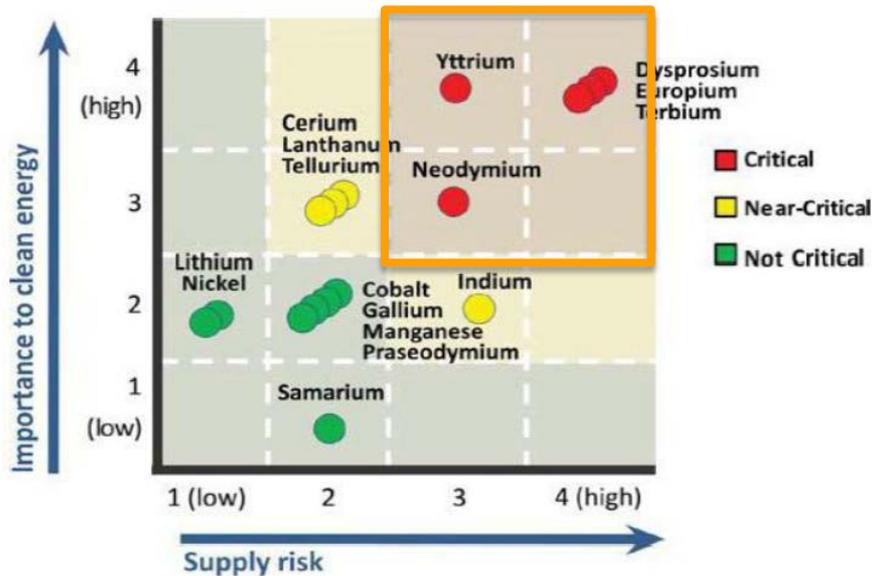
Critical REOs well represented in product mix

'Critical Rare Earths' demand high prices



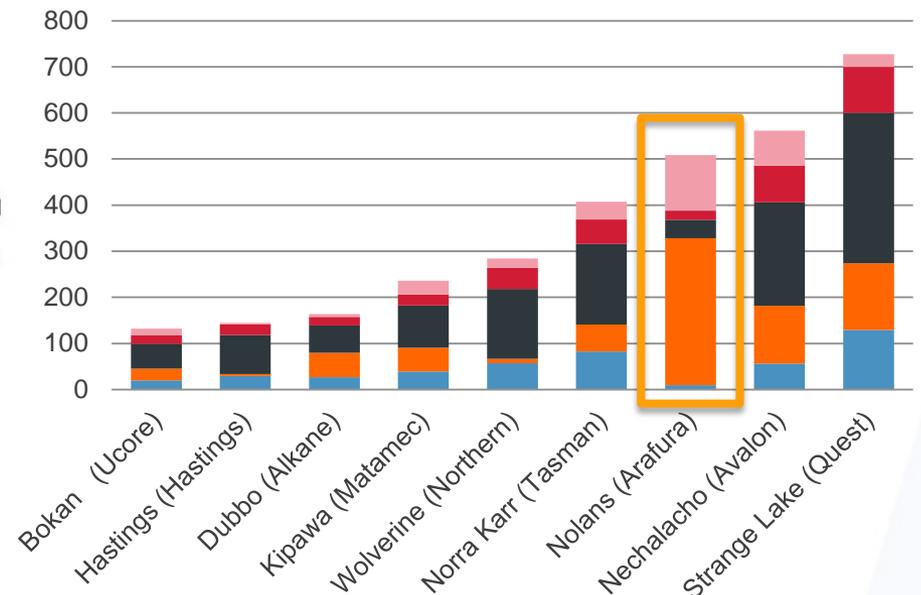
Nolans – a major supplier of ‘Critical Rare Earths’

Short-Term (0–5 years) Criticality Matrix



Annual Revenue USD millions

Major supplier of ‘Critical Rare Earths’
Comparison to other ‘Heavy Rare Earth’ projects



Source: US Department of Energy – Critical Materials Strategy, December 2011.



Funding – ability to access and source funds

- ▲ Arafura is confident that it can source the necessary funds required to complete its Feasibility Study
 - › Estimated cost to complete A\$70 million
 - › Cash at hand A\$40 million
 - › A\$30 million required from investors

- ▲ Factors underpinning our confidence
 - › Nolans Project relatively advanced
 - › Strategic support from ECE
 - › Strong prospective returns
 - › Optimisation program has potential to boost Project
 - › Reasonably strong investor interest
 - › A number of options to raise funds
 - › Advisors appointed

- ▲ Total Project costs to be funded subsequently

Arafura comparison to peers

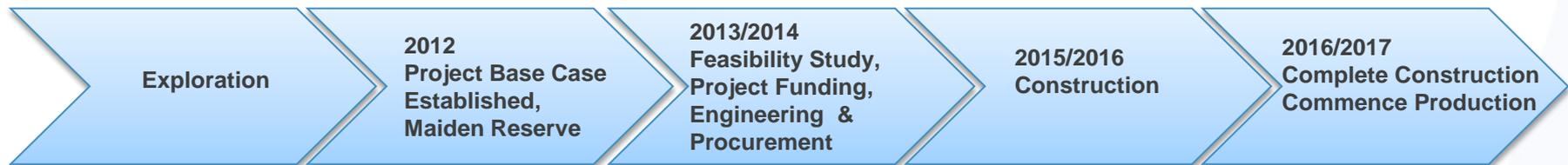
Company	Location	Mining Method	Project Stage	Market Cap (US\$m)	EV (US\$m)	TREO Resources (Mt)	Forecast REO Production (tpa)	EV/Tonne Resources (US\$/tonne)	Grade %
Arafura	Australia	Open Pit	Feasibility	70	17	1.2	20,000	14x	2.6%
Lynas Corp	Australia & Malaysia	Open Pit	Commissioning	1,283	1,488	1.9	22,000	783x	7.9%
Molycorp	USA	Open Pit	Commissioning	1,035	1,834	2.6	40,000	706x	6.6%
Alkane Resources	Australia	Open Pit	Feasibility	307	203	0.7	4,800	291x	0.9%
Avalon Rare Metals	Canada	Underground	Feasibility	160	114	4.3	10,000	27x	1.4%
Rare Element Resources	USA	Open Pit	PEA	171	124	0.7	9,400	177x	3.2%
Frontier Rare Earths	South Africa	Open Pit	PEA	46	12	1.0	20,000	12x	2.2%
Quest Rare Minerals	Canada	Open Pit	PEA	71	38	2.1	15,000	18x	0.9%
Greenland Minerals & Energy	Greenland	Open Pit	PEA	186	173	10.3	44,000	17x	1.2%
Mean	(excl. ARU)			407	498	3.0	17,200	254x	1.7%
Median	(excl. ARU)			178	149	2.0	12,500	102x	1.7%

Source: Cashel House



Value proposition and path ahead

- ▲ Arafura is Australia's leading rare earths company – positioned to supply 10% of world's supply of rare earths
- ▲ 'Critical Rare Earths' product mix – in critical demand
- ▲ Strong prospective returns and good growth prospects
- ▲ Unique and strategic relationship with ECE
- ▲ Arafura is making steady progress in its Feasibility Study
- ▲ Sound position to source funds
- ▲ No sovereign risk
- ▲ Undervalued compared to peers



Complete

Complete

Timing subject to investment decision expected
second half 2013



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Eu Europium	Lu Lutetium	Sm Samarium	Gd Gadolinium	Ho Holmium	Ce Cerium		Tb Terbium
Er Erbium	Dy Dysprosium					Y Yttrium	
Yb Ytterbium	La Lanthanum		Pr Praseodymium	Nd Neodymium	Tm Thulium		