



AFN 080 733 455

29 March 2007

Ms Narissa Taylor
Advisor, Issuers
ASX
Level 8, Exchange Plaza
Perth WA 6000

RE: Response to ASX Price & Volume Query

Dear Narissa

Arafura continues metallurgical test work on its Nolans project for Rare Earth extraction at ANSTO and beneficiation test work at Bateman Litwin. Results are not expected from ANSTO until June 2007 and Bateman in May. Other exploration assaying is currently underway with results for Vanadium expected mid April.

Further to your letter today and our subsequent telephone conversation we respond as follows:

1. The Company is not aware of any information that has not been announced which could be an explanation for recent trading in the securities of the Company.
2. The answer to question 1 is "No", therefore question 2 is "Not Applicable"
3. There have been a number of recent influences on commodity prices for Uranium. Uranium has increased to over US\$90/lb and Arafura currently has a 4,000t resource in Uranium which it expects to realise as a by-product through its Nolans Rare Earth Project. Arafura also has a 10% shareholding in its recently demerged and newly listed subsidiary NuPower Resources Ltd which is an exploration company focussed on uranium.
The company has been made aware of an article dated 13th March written by Goldman Sachs JB Were UK titled "Uranium Market Outlook" in which the Nolans project is mentioned. This article is available on the Arafura Website. Further, the company has been advised of an article appearing in a German investment magazine highlighting the Nolans Project and the importance of rare earths.
Other than the above, the Company has no other explanation for the price change and increase in volume of securities.
4. The Company confirms that it is in compliance with the Listing Rules and in particular Listing Rule 3.1

Should you require further information, please contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read "Gavin Lockyer".

Gavin Lockyer
Company Secretary
Arafura Resources Limited.



ASX Limited
 ABN 98 008 624 691
 Level 8
 Exchange Plaza
 2 The Esplanade
 Perth WA 6000

GPO Box 0187
 Perth WA 6840

Telephone 61 (08) 9224 0023
 Facsimile 61 (08) 9221 2020
 Internet <http://www.asx.com.au>

29 March 2007

Mr Gavin Lockyer
 Company Secretary
 Arafura Resources Limited
 Level 4
 16 St George's Terrace
 PERTH WA 6000

By facsimile: 9221 7966

Dear Gavin

Arafura Resources Limited (the "Company")

PRICE AND VOLUME QUERY

We have noted a change in the price of the Company's securities from \$0.84 on 22 March 2007 to an intra-day high of \$1.43 today. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?
2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by e-mail at narissa.taylor@asx.com.au or by facsimile on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than 12.00 pm W.D.ST. on Thursday, 29 March 2007.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,



Narissa Taylor
Adviser, Issuers (Perth)

Direct Line: (08) 9224 0023