



AN EMERGING RARE EARTHS PRODUCER
FOR USERS WORLDWIDE

26th November 2010

Chairman's address to Shareholders at AGM

My full Chairman's address was contained in the Company's Annual Report; however, I would like to welcome you all to the meeting and add the following comments.

As I'm sure you are aware, the interest in the rare earth's industry has increased dramatically in the past year, particularly in the six months.

A number of key events, including the international spotlight on China's decision to reduce rare earths export quotas by 30 per cent and Japan's response to the 'interruption' of rare earths exports to that country only a few months ago.

These events and the realisation by major users of rare earth metals around the world, that the projected supply constraint of rare earths, which are vital inputs to a wide range of products, is very real.

This was not the case when I became Chairman in November 2008. At that time there was little awareness of these vital products and their important uses which was reflected in Arafura's share price of 29 cents and market capitalisation of \$53 million.

The company's share price was also impacted by the Global Financial Crisis which began in September 2008 and caused financial shockwaves around the world just a few weeks later.

The GFC was the worst financial crisis since the 1930s Depression and had a significant impact on Arafura's plans to develop our Nolans Project.

The Board at that time had doubt about the company's ability to answer the "going concern" question.

Arafura performance

However we did survive and look how far we have come. In 24 months our share price has increased by 348 per cent to \$1.30, and our market capitalisation today is more than \$400 million.

Arafura's vision is to be the pre-eminent supplier of rare earths to the world and we are confident that we are well positioned to take the company forward to achieve this target.

Steve will provide more detail on the company's operational performance shortly and address how the company plans to deliver shareholder value through the development of our 100 per cent owned Nolans Project.

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Before I invite him to do so, I would like to take this opportunity to thank him on behalf of the Board and shareholders for his strong leadership of the company since his appointment to the role of Managing Director and CEO in January this year.

As I said when his appointment was announced, attracting a person of Steve's calibre and experience was a real coup for the company. On behalf of the Board and shareholders I would also like to thank the Executive Management Team and staff on their outstanding achievements throughout the year. I am always impressed by the dedication, professionalism and enthusiasm our people bring to their work and I want to thank them all for their continued efforts.

You will hear in the Managing Director's presentation that Arafura is in an exciting phase of transition from junior explorer to producer. As such, the composition of skills required to ensure the Nolans project is delivered has been under constant review. You have seen evidence of this in the last 12 months through the appointment of senior executives. The same applies at board level.

Your board continues to look for suitably qualified and dedicated directors. In recent months we have scoured the country with the view to add 2 directors to the board with skills in major project financing, legal and governance. We hope to be making at least one of these appointments in the near future.

With this in mind, it is my intention to stand down from the board during 2011 as appropriate. It has been a pleasure to serve you, the shareholders and you can be assured I will dedicate my remaining time to ensure as seamless a transition

I now ask Steve to present an overview of the business highlights, operations and outline our strategy and outlook to continue to deliver on our stated mission of relentlessly pursuing growth in shareholder value in a sustainable way.

Thank you for your attendance at today's meeting and for your support over the past twelve months.