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6 December 2010

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ARAFURA RESOURCES LIMITED

AN EMERGING RARE EARTHS PRODUCER FOR USERS WORLDWIDE

METAL RESEARCH BUREAU RARE EARTHS CONFERENCE TOKYO, JAPAN

Arafura's Nolans rare earth supply opportunity for users worldwide from 2013.

Dr Steve Ward, Managing Director and CEO will address the Metal Research Bureau of Japan in Tokyo on the 7 December 2010.

Attached are the speaker notes and presentation which will be given.

- ENDS -

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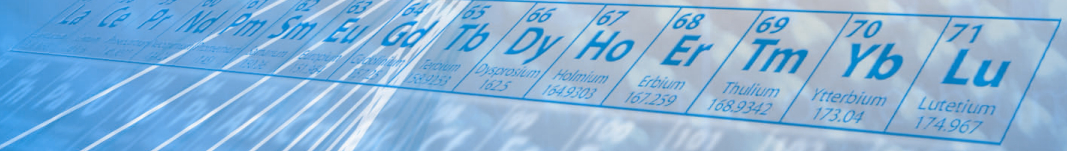
A Rare Earths Supply Opportunity For Users Worldwide from 2013



Dr. Steve Ward- Managing Director & CEO

Metal Research Bureau Rare Earths Conference
Tokyo, December 7th 2010

Disclaimer

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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). The information in this presentation that relates to mineral resources or ore reserves is also based on metallurgical results and interpretation complied by Mr Steven Mackowski BAppSc. Both are full-time employees of Arafura Resources.

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 Mackowski is a Fellow of the Australasian Institute of Mining and Metallurgy 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 Mackowski consents to the inclusion in this presentation of the matters based on his metallurgical results and interpretation in the form and context in which it appears.

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Arafura – Our Company

"A Speciality Chemical Company"

which will make products to pharmaceutical grade quality standards.

Confirmed Strategy

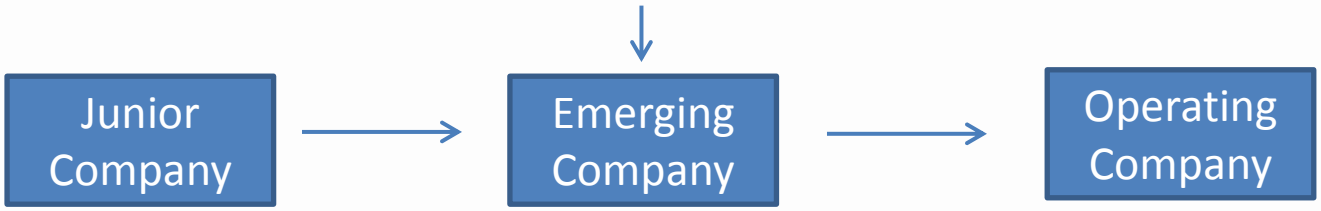
Our vision is to be the recognised leading supplier of Rare Earths to the world.

Mission

To create and maximise shareholder value in a sustainable manner.

An Emerging Company on a fast track to achieve Operating Company status.

ARAFURA RESOURCES – 'Today'



1997 – 2010

- Exploration
- Confirmed resource
- Technology Development
- PFS

2010 – 2012

- Confirmed Business Model
- BFS
- Project Financing
- Construction of production facilities

2013 +

- Sales
- Production
- Profits & Dividends
- Expansion
- Increasing Shareholder Value

APPROX 15 YEARS FOR A RARE EARTHS PROJECT

Arafura – Corporate Summary

Successful fundraising recently completed…..

As at 03 December 2010	
Capital	
335m shares	
18.1m Board/Employee options	
Market capitalisation	
@ A$1.245 = ~A$417 million	
Cash (@ 30 November 2010)	
A$62 million	
Top shareholders	
JP Morgan Nominees[1]	26.9%
ECE[2]	19.2%
Institutions[3]	13.0%
Board & Management	2.5%

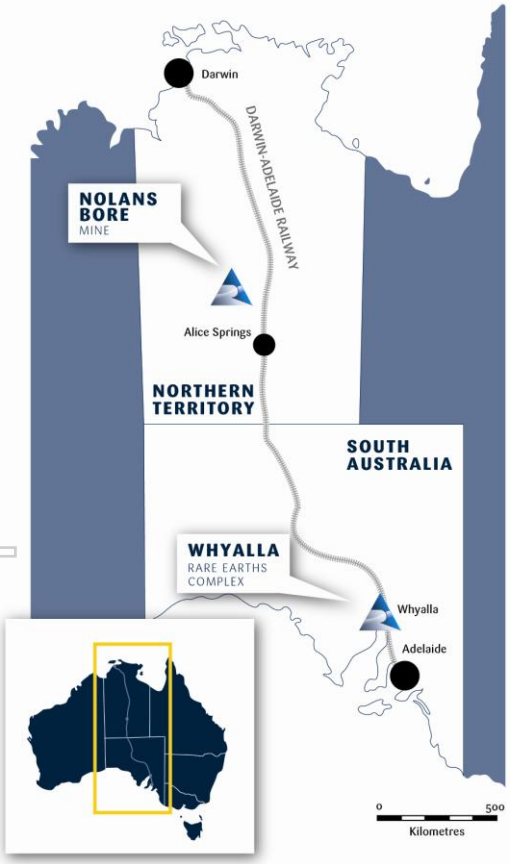
*As at 9 December 2010	
Capital	
366m shares	
18.1m Board/Employee options	
Market capitalisation	
@ A$1.245 = ~A$456 million	
Cash forecast	
A$95 million (estimate)	
Top shareholders	
JP Morgan Nominees	24.6%
ECE	17.6%
Institutions[4]	20.5%
Board & Management	2.3%

1. Substantial German-based shareholding amongst many shareholders (formerly ANZ Nominees)
2. East China Mineral Exploration & Development Bureau
3. Tranche 1 of the $90m placement to institutions
4. Includes placement to institutions from tranche 2.

* Subject to shareholder approval at EGM.

Business Model Confirmed

Adding Value in Australia…..



- Mining & ore beneficiation at Nolans Bore in the Northern Territory

Big Bertha Drill Program at Nolans Bore

- Mineral concentrate transported by rail to Whyalla in South Australia

• 20,000 tpa Rare Earth Oxides (REO) produced in Whyalla

Environmental Studies in progress at Whyalla

Capturing Value in the Industry Supply Chain

Positioning to maximise value creation.....

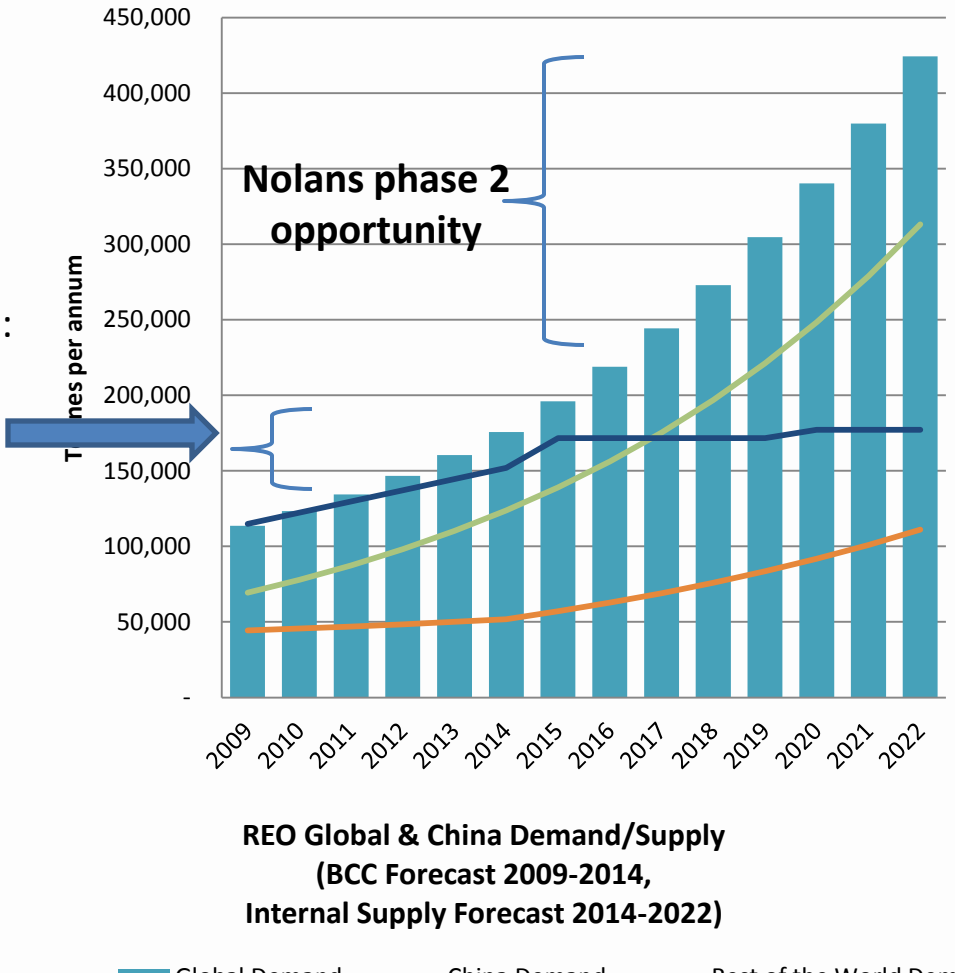
- Production of Rare Earth Oxides rather than lower priced concentrates or intermediates;
- Seeking mutually beneficial 'win/win' contracts over the next 12 months;
- The only company with significant amounts of uncommitted Rare Earth Oxide products available to supply users worldwide;
- Ideal product mix to feed high growth markets e.g. magnets, phosphors;

Rare Earths Market

Supply and demand

The Industry challenge is on the Supply side to keep up with demand…..

These forecasts include new projects: Lynas, Molycorp, Alkane and Arafura. The supply side will still struggle to keep up with demand.

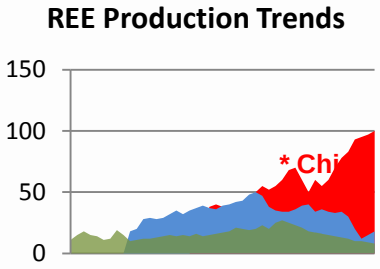


REO Global & China Demand/Supply (BCC Forecast 2009-2014, Internal Supply Forecast 2014-2022)

Overall global tightness has been exacerbated in markets outside of China by Chinese export quota reductions

Current Market Dynamics – 'The Perfect Storm.'

The warning signs have been present for sometime.....



USGS
science for a changing world

Rare Earth Elements—Critical Resources for High Technology

Chinese Export Quota History 2004-2010 (Tonnes REO)

Year	Domestic Companies	Foreign Companies	Total	Y on Y Change	ROW Demand
2005	48,040	17,659	65,699	0%	46,000
2006	45,752	16,069	61,821	-6.00%	50,000
2007	43,574	10,069	53,643	-4.00%	50,000
2008 *	49,871	15,834	65,705	-5.50%	50,000
2009	33,300	16,485	49,785	-12.00%	25,000
2010	22,513	7,746	30,259	-40.00%	48,000

High growth in demand of 2 to 3 times GDP fuelled by:
Hi-tech goods – consumers
Clean green energy – society
Energy efficiency - regulators

Global production consolidated in one country, China. Very few projects outside China progressed.

Criticality of Rare Earths and their strategic nature highlighted in 2002 by the USGS.

Chinese export quotas began in 2005 with gradual tightening.

The Global Financial Crisis masked the development of the 'Perfect Storm' during 2008 and 2009. A return to more normal global economic activity has unleashed the 'Perfect Storm.'

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The Industry Response

Now moving from shock and concern to responding …..

- The strategic importance of Rare Earths is now fully appreciated by many governments including the USA, EEC, **Japan,** South Korea and **Australia.**
- Australian Foreign Minister Kevin Rudd pledges Australia's support to supply Japan.
- Government organisations began to support new projects e.g. JOGMEC
- The few advanced new supply projects outside China come into prominence e.g. Molycorp, Lynas, Alkane and Arafura.
- Rare Earths users outside China seek to establish new long term secure supply from non-Chinese supply.
- OEM's are taking an increasing interest in Rare Earth supplies to ensure they can source the Rare Earth containing components they buy from their suppliers.

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Future Supplies

Suppliers will struggle to keep up with demand for many years to come …..

- Rare Earths is a complex industry and requires a deep understanding.
- Rare Earths are common in the Earth's crust but they are very scarce in economically exploitable deposits.
- It is easy to make an initial exploration find and many have been announced in the past 12 months (the alleged 'bubble').

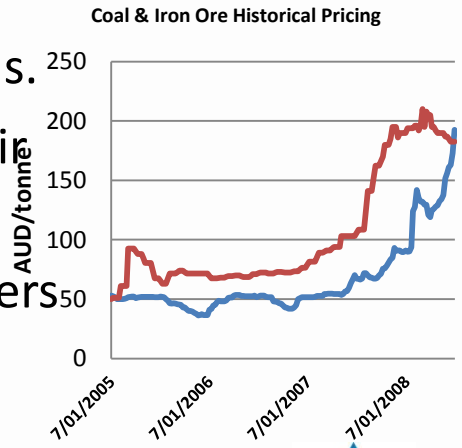
But

- It is extremely difficult to progress a project successfully through to production (in reality no 'bubble.')
- Takes approximately 15 years from initial find to successful production.
- There are high technical and capital barriers to success.
- Very few projects are advanced sufficiently to come into production successfully in the next 5 years at least.
- The current market dynamics are not a classic bubble.

Rare Earth Pricing

Some reports of a price bubble but …..

- The era of low prices for Rare Earths is behind us.
- Pricing will follow normal supply demand dynamics.
- Pricing will take into consideration;
  - The ongoing global tightness of the market.
  - Significant cost of environmental compliance. Low cost environmentally inappropriate operations in China have been closed.
  - The intrinsic value of Rare Earths in their end applications.
  - The relative low impact of Rare Earths on the cost of their end applications.
  - The gradual move to a global market in terms of both users and suppliers.
- Price increases in 2010 are not out of line with those seen previously in other less sophisticated products which have a much bigger impact on the final application e.g. iron ore and coal.



Arafura's World-Class Nolans Project

Nolans Project – Globally Significant

High potential value, long life, multiple revenue streams with upside potential….

Phase 1 Annual Production	
REO Rare Earths Oxides	20,000 t
P_2O_5 as 61% Phosphoric Acid	80,000 t
U_3O_8 Uranium Oxide	150 t
$CaSO_4$ Gypsum	500,000 t

Further drilling is planned to identify the full size and extent of the Nolans resource – it is currently open and may be able to support expanded production.

Total resources for Nolans Project

RESOURCES	TONNES[1] (million)	RARE EARTHS REO %	PHOSPHATE P_2O_5 %	URANIUM U_3O_8 lb/t
Measured	5.1	3.2	13.5	0.57
Indicated	12.3	2.8	13.4	0.43
Inferred	12.8	2.6	12.2	0.40
TOTAL	30.3	2.8	12.9	0.44
CONTAINED METAL		848,000 t	3.9 Mt	13.3 Mlb

1. Using 1% REE cut-off grade

Financial Evaluation October 2010

October 2010 Project Economics			
Capital Costs @ 0.95	A$950 million		
Sales Revenue	US$		
	Low	Mid	High
Rare earth oxides US$/kg	$22.00	$38.00	$54.00
Rare earth oxides 20,000t US$	$440	$760	$1,080
Phosphoric Acid 80,000t US$1,250/t	$100		
Gypsum 500,000t US$25/t	$12		
Uranium 150t US$40/lb	$13		
Total Revenue p.a. US$M	$565	$885	$1,205
	A$M		
Total Revenue p.a @ 0.95	$595	$932	$1,268
Annual Operating Expenses @ 0.95	($376)		
EBITDA p.a	$219	$556	$892
NPV @ 10% after tax and capital payback	$1,420	$4,050	$6,549
Capital Payback - years	5	4	3

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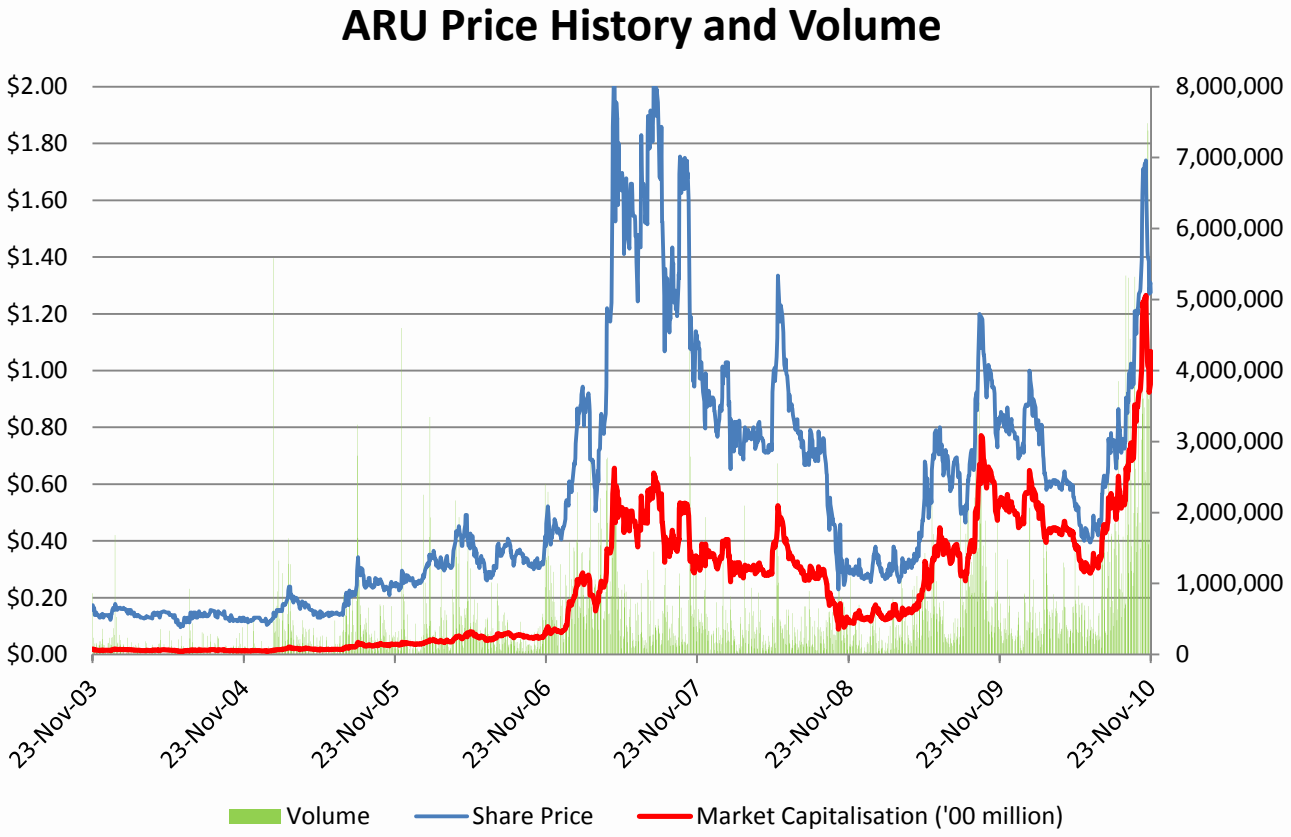
Nolans Project – Key Metrics

- Capital Cost ($950m) caters for mine and four processing plants;

  Rare Earth Oxides, Phosphoric Acid, Uranium Oxide and gypsum
- Rare Earths – 20,000 t of Rare Earth oxides produced.
- Good potential financial returns on Rare Earth prices lower than long term trend line.
- Excellent potential financial returns if higher prices than long term trend line (likely) are contemplated.
- Cash cost of production of Rare Earths Oxides after co-product revenue credits is effectively ~US$11/kg.
- Excellent mix of Rare Earths Oxide Products.

Market Value

Increasing recognition of value in Arafura …….



Arafura now covered by:

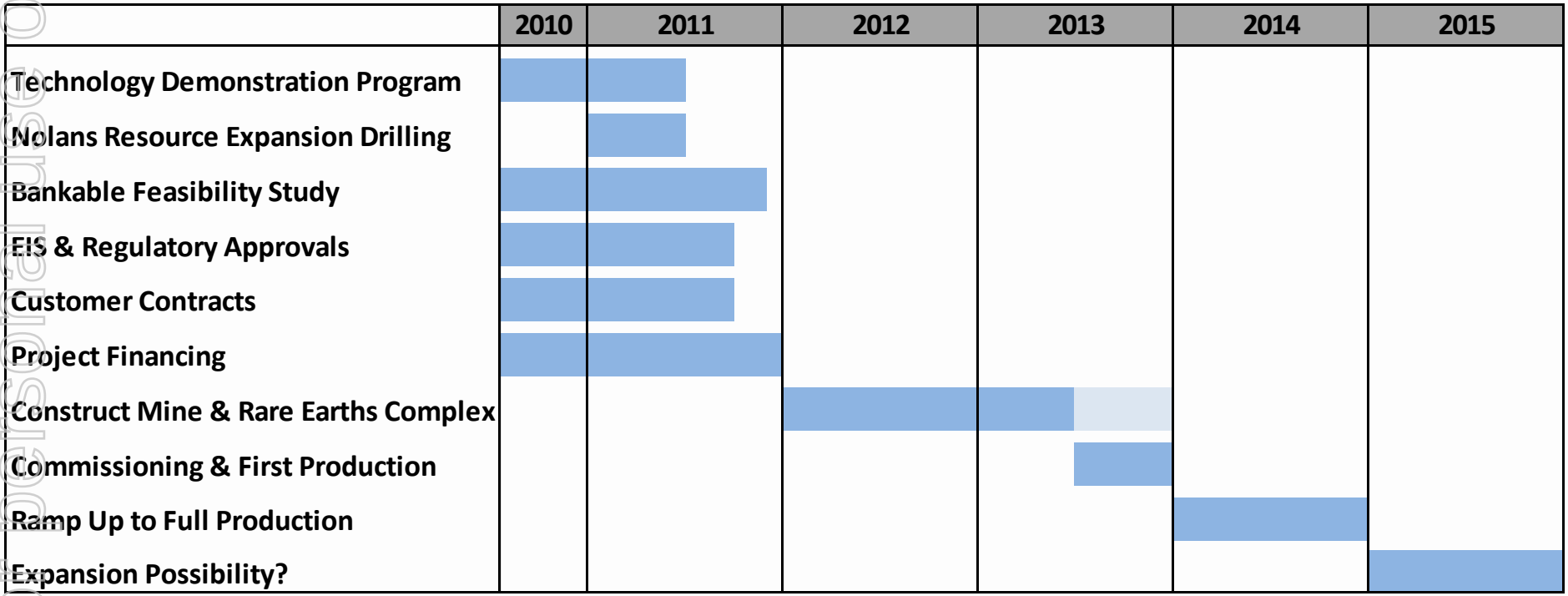
	Report Date	12 mth Price Targets
BBY	28th October 2010	$3.64/share
Bell Potter	26th October 2010	$2.32/share
Byron	31st August 2010	$2.75/share
RCR	17th November 2010	$3.31/share

Peer comparison:

Peer	Market Capitalisation
Lynas	AU$2.61billion
Molycorp	US$2.34billion

Future Work Program

A fast track program to production……



Nolans Project Activities 2011

The next 12 months:

Technology

- Commercial quantities of Rare Earth Oxides produced
- Complete piloting and demonstration programs

Mine

- Complete all engineering and environmental studies
- Regulatory approvals
- Resource definition and expansion drilling

Rare Earths Complex

- Complete all engineering and environmental studies
- Regulatory approvals

Corporate

- Continue to build technical capabilities
- Marketing and Supply contracts
- Finalise project finance

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Arafura Resources – Summary

Arafura is a credible part of the future of the Rare Earths industry …..

- Confirmed Strategy and Business Model ☑
- World class long life and economically exploitable resources ☑
- High value creating Nolans Project ☑
- Highly efficient production process developed with experts and derisked through demonstration ☑
- Uncommitted high value Rare Earth products for customers worldwide ☑
- Near term production opportunity – one of very few available ☑
- Upside potential with Nolans Bore expansion ☑
- A highly committed team with “can-do” culture ☑

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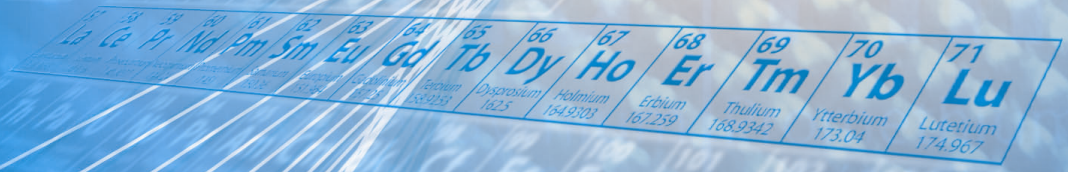
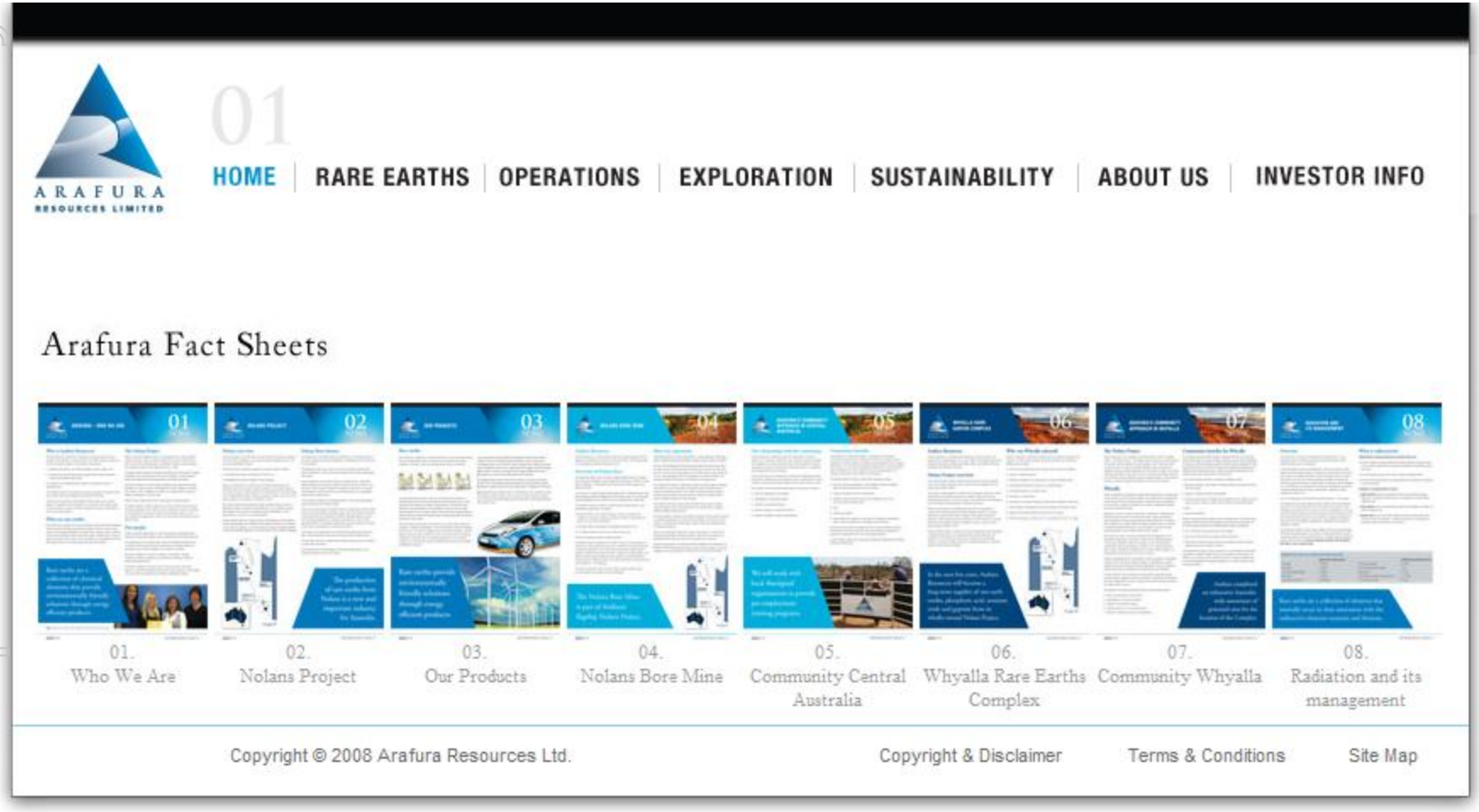
Thank You



For more information……



Nolans Project Fact Sheets at www.arafuraresources.com.au

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ARAFURA RESOURCES LIMITED
Rare Earths Conference Tokyo, Japan December 7th 2010

Managing Director & CEO's Address
Dr Steve Ward

Slides 1 and 2 - INTRODUCTION

Thank you for the kind introduction.

Good afternoon ladies and gentlemen.

It is certainly a great pleasure and honour to address you today.

I thank the conference organizers for giving me the opportunity to speak today and congratulate them for arranging such an excellent event.

The Rare Earth Industry is very high profile at the moment and this is reflected in the quality and extent of the agenda. There have been some excellent presentations and I congratulate my fellow presenters on a great job, well done to all.

In my presentation today, I would like to cover three main areas:

- To introduce our Company, Arafura Resources Ltd
- To comment on the Rare Earths Industry – its current status and outlook, and finally
- To describe Arafura's world class Nolans Rare Earths Project and our exciting plans to be a supplier of Rare Earth Oxides to users worldwide commencing in 2013.

Before I begin the main presentation, I would like to display the following 'Disclaimer' slide and ask you to consider the details.

Slide 3 – ARAFURA – OUR COMPANY

Please let me begin with some background comments on our company.

Arafura is an Australian based public company which is listed on the Australian Stock exchange or ASX. Arafura was formed in 1997 and became a public company in 2003.

Arafura managed to navigate its way successfully through the extremely difficult period of the Global Financial Crisis – a real credit to everyone associated with the company. Significant progress has been made post the Global Financial Crisis and the company is now in a wonderful position to deliver on our vision to be the recognized leading supplier of rare earths to users worldwide. Arafura has a clear strategy, vision and mission. Almost entirely all our focus is in Rare Earths and to create substantial shareholder value in a sustainable way by successfully delivering our world class Nolans Rare Earths project. We continue to pursue ways to create value from our non-rare earth tenements by commercial arrangements with other organizations who are better placed to develop these as projects into profitable businesses.

Arafura has completed a substantial part of the lengthy journey required in the rare earths industry to bring a successful project into profitable operations. The rare earth industry is very complex, with substantial technological and financial barriers to entry. It takes approximately 15

years from initial exploration discovery to realizing production of saleable rare earth products.

In 2010, we entered the 'Emerging Company" phase of our corporate development. We have stepped-up all our work programs and are now on a 'fast-track' development timeline to reach full operating company status during 2013.

Finally, just to re-emphasise the complexity of the rare earths industry, Arafura can best be described as a specialty chemical company which will make products to pharmaceutical grade quality standards. Whilst not trying to underplay the importance of the future mine at Nolans Bore in any way, the vast majority of the novel technology, initial investment capital and operating costs are involved with the Rare Earths complex.

Slide 4 – CORPORATE SUMMARY

Please let us move now to review our Corporate structure. An update can be seen on this next slide.

We began 2010 with a clear determination to step up our Nolans Project work programs with the objective to become a highly profitable rare earth supplier as soon as possible. We have been delighted to receive the support of existing and new shareholders in two capital raisings during 2010. This has provided the funds for us to drive forward at full pace with our Nolans Project. Subject to shareholder agreement at the forthcoming Extraordinary General Meeting for the second tranche of capital from the

recent fund raising, we are now well placed to progress to the Project Financing stage late in 2011.

I would like to comment in a little more detail on our recent capital raising. Rare earth projects are very capital intense. We will need to raise approximately $1 Billion in Project Financing for our Nolans Project. This will be a considerable challenge for us. However, we are confident that the compelling value creation from our Nolans project will enable us to be successful. We will need support from a number of stakeholders to help us achieve this aim. Consequently, we deliberately sought a range of new Institutional and professional investors during our last capital raising and were successful in welcoming a number of these. We believe that their presence strengthens our share register and is good for all shareholders. The Institutions are the types of organizations that might well participate in the Project Financing. We value all shareholders greatly.

We believe that the company will be in a very good position as we look to secure Project Financing – less than 400M shares on issue and no debt. We have received many questions regarding the composition of our Project Financing. We have begun the process of assessing various means to achieve this. We do not have any firm structures in place yet and there are many factors to consider. Our objective will be to deliver the Finance Package which generates the most shareholder value.

Slide 5 – BUSINESS MODEL CONFIRMED

During 2010, we made a significant step forward with the confirmation of our Business Model. This is a truly value adding proposition in Australia.

Ore will be mined and beneficiated into a mineral concentrate at Nolans Bore in the Northern Territory.

The Mineral concentrate will be transported to Whyalla in South Australia by rail.

Rare Earth Oxides will be produced in Whyalla, South Australia for users worldwide.

Here you can see photographs of our recently completed 'Big bertha' drill program at Nolans and the Environmental Impact Study work which has commenced in Whyalla.

I would like here again to acknowledge the assistance and support we have received from many stakeholders including the Northern Territory and South Australian Governments and the Whyalla Council and the communities at large both at Nolans and Whyalla.

Slide 6 – CREATING VALUE IN THE INDUSTRY CHAIN

Turning to the Industry chain.

Early in 2010, Arafura made the decision to continue the development of the technology to produce Rare Earth Oxide products and position itself

as a supplier at that point in the industry chain. Our analysis demonstrated that this was the most value creating opportunity for us.

We have made excellent progress with the technology development which is on track to be completed by the end of this year.

There is considerable interest in Arafura's full range of products from users worldwide. Discussions with potential customers are in progress.

Slide 8 - RARE EARTHS – SUPPLY AND DEMAND

Market dynamics have been the subject of much focus and media attention.

In terms of supply and demand, the world market is overall very tight or even in deficit. China's move to reduce export quotas has exacerbated the global shortage in regions outside of China.

Demand growth forecasts are very positive due to the nature of the end using industries which are high tech in nature, wanted by consumers, desired by society and mandated by regulators. The market is predicted to grow at 2 to 3 times GDP.

The Industry challenge is for the suppliers to be able to meet the growing demand. There will be very few new sources of supply in the next few years.

China, by far the largest current producer, has closed some production sources which were environmentally inappropriate and in some instances

also illegal. China does not have latent idle capacity which could be brought on line to increase supplies. If China decides to increase export quotas, this will simply create shortages in China.

There are very few economically viable Rare Earth Projects which are sufficiently advanced to be able to come into production in the short to medium term. As you can see from the slide, even after including new projects as noted, including Arafura, into future supply forecasts, the market will remain tight in the period through to 2015. We believe the period beyond 2015 will present further supply opportunities. Our Nolans resource is 'open' which means it is larger than we have currently drilled. If future drilling in 2011 reveals that Nolans is much bigger, we could have an expansion opportunity – Nolans phase 2 as we have already developed the technology to process the Nolans ore.

In summary, we believe global tightness is likely to continue for several years.

Slide 9 – CURRENT MARKET DYNAMICS - 'The Perfect Storm'

The current market dynamics, which have come as a surprise in some quarters, and are the subject of much debate, can be described as a 'Perfect Storm'.

This storm has been brewing for some time. There have been a number of warning signs including:

- Strong growth demand for rare earths in high technology applications
- Consolidation of global production essentially into one country, China in a relatively short timeframe, with very few potentially viable projects advanced outside of China.
- The USGS highlighting the criticality and strategic importance of rare earths in 2002!
- Reductions in exports from China with reducing quotas from 2005.

The Global Financial Crisis masked the development of the 'Perfect

Storm during 2008 and 2009, but now it is really evident.

Slide 10 – THE INDUSTRY RESPONSE

After an initial phase of shock and concern to the current market dynamics, the Industry and the world are now very much in a period of concerted response. This has involved governments, OEM's and potential new suppliers.

The essential nature of rare earths and their strategic and commercial importance is now widely understood.

The few advanced new projects outside China, including Arafura, have come very much into prominence as users look to secure future supplies from sources outside of China.

Several governments have held conferences and meetings to determine how to establish secure future supplies. Only 2 weeks ago, the Australian Foreign Minister pledged Australia's support to supply Japan.

Governments and OEM's have begun to support new projects with either sales contracts and/or financial support.

A restructuring of the Industry has begun. It will certainly take some time.

Slide 11 – FUTURE SUPPLIES

Rare Earths are common in the earth's crust, so it is relatively easy to make an initial exploration discovery. Indeed, there have been many announcements of new discoveries over the past 12 months. This could lead to an uninformed conclusion that there is currently a rare earth supply bubble which will burst as many new supply sources will soon come to market. However, Rare Earths are very scarce in deposits which can be economically exploited. There are high technical and financial barriers to overcome to achieve ultimate successful production. Each rare earth deposit is different and requires the development of specific technology to be able to produce rare earths from it. It takes approximately 15 years from initial exploration discovery to realize production. Therefore, the very few projects which will be successful from the many exploration discoveries in the past 12 months are many years away from production. The reality is that very few projects are advanced sufficiently to come into production successfully in the next 5 years at least.

Taking all the above details into consideration, we contend that the current market dynamics are certainly ***not*** a classic bubble.

Slide 12 – RARE EARTH PRICING

As the Rare Earths Industry moves forward we believe we will see pricing that follows normal supply/demand dynamics in a global market which will remain very tight. Pricing will also take into consideration:

- the cost of environmental compliance,
- the intrinsic value of rare earths in their end applications – they are essential ingredients
- the relatively low impact rare earths have on the final application cost

We also believe that pricing and commercial arrangements will reflect the gradual move to a worldwide market in terms of both suppliers and customers.

The price increases seen in the past 12 months have been considerable.

There has been commentary about a price 'bubble'. However, the scale of the increases has been similar to those seen for iron ore and coal which have much more of an impact on their final application. We certainly don't hear too many comments about a price bubble for these products.

Taking into consideration all our comments on supply/demand in the previous slides and pricing on this slide, we don't believe that there is a price 'bubble'.

In summary, the era of low prices for rare earths is behind us!

Slide 14 – NOLANS PROJECT – GLOBALLY SIGNIFICANT

Arafura's Nolans Project is globally significant. It has a number of attributes to justify this billing. These include: long life, proven resource, attractive rare earth composition, multi product portfolio, excellent value creating economics and possible expansion upside potential which requires evaluation by additional drilling.

We recently completed and published updated financials for Nolans in October 2010. Even at pessimistic product pricing below the long term trend line the project has robust financial returns. It is interesting to note that current prices of just over US$ 70/kg are already much higher than our 'Upside price evaluation case (US$ 51/kg)" which gave fantastic financial returns.

Slide 15 – NOLANS PROJECT – KEY METRICS

Comparing different rare earth projects is very difficult. Rare earths is a very complex industry. Rare earth projects have different business models and there are a large number of factors to consider. These include rare earth product types, other product portfolio, location, and many other factors.

Our Nolans project is world class.

We have summarized some of the key metrics on this slide.

We believe that in a holistic sense, when one considers all aspects of the project, it is capital efficient and competitive, provides excellent potential returns and has a very effective competitive production cash cost for rare earth oxides.

Slide 16 – MARKET VALUE

Turing now to the next slide which shows our Market Capitalization and Share Price History.

There has been considerable appreciation in both of these since the lows of the Global Financial Crisis. During 2010, our share price has increased by approximately 50% to date. The improving trends we believe are evidence that investors are beginning to understand the intrinsic value of our Nolans Project. We believe that there certainly is scope for further value creation, a view which is shared by independent analysts.

The current level of market capitalization, which has increased during 2010, brings the company to the attention of a much wider range of investors. Our market capitalization is still very modest compared to our industry peers.

Side 17 – FUTURE WORK PROGRAM

Our future work program involves a fast track to production commencing in 2013.

The next 12 months will see a number of activities come together and culminate with the raising of Project Finance.

A key feature of the next 12 months will be to enter into commercial arrangements with selected customers. Discussions have begun and will accelerate over the next few months. Our future production is currently uncommitted and we represent a great opportunity for users seeking a new supply source outside of China.

There is much work and many challenges ahead.

We do not underestimate the tasks ahead of us.

Our staff, have an excellent 'can – do' culture and delivery and achievement focus. They are a great team and have achieved much already in 2010.

Slide 18 – NOLANS PROJECT ACTIVITIES 2011

Here you can see more detail of our program for the next 12 months. We have made substantial progress during 2009 and 2010. A feature of this program has been to progressive build organization and business capability by adding new talented staff to our already excellent team. We have also made steps to improve our business with further introduction of contemporary processes and systems. We also have a keen focus on risk management for all our activities to ensure our business is and will be sustainable.

Slide 19 – ARAFURA RESOURCES - SUMMARY

Ladies and Gentlemen, Arafura is most certainly a credible part of the future of the rare earths industry which we believe is moving into a new and exciting era.

We have all the building blocks in place to be successful. We are poised to realize our vision of being the recognized leading supplier of rare earths to users worldwide.

Slide 20 – THANK YOU

Ladies and gentlemen thank you for your attention.