ARAFURA RESOURCES LIMITED (ASX: ARU)

METALLURGICAL ASSESSMENT
JERVOIS VANADIUM DEPOSIT, NORTHERN TERRITORY
(ARU 100%) 11 JULY, 2007

Following the successful results of the initial Jervois drilling programme (ARU: ASX 19/06/07), Arafura Resources Limited is pleased to announce the results of an independent analytical review undertaken by ProMet Engineers Pty Ltd (ProMet). ProMet were engaged to review the quality and recovery of the ores and concentrates from Arafura’s Jervois vanadium project located 290 kilometres north-east of Alice Springs.

The main conclusion drawn from the study is that these results indicate that the vanadium concentrate should be amenable for metallurgical processing for vanadium recovery.

A summary of the main points of the ProMet review is as follows:

- The median recovery of magnetite to concentrate (by Davis Tube Recovery or DTR) averages 27.9% compared with 22% for other typical vanadium deposits.
- The recovery of vanadium to concentrate is 76.4% (weighted average) compared with 50% reported for other vanadium deposits.
- The concentrate is comparable to the quality of feed to other vanadium kilns.
- The concentrate is comparatively low in silica and phosphorus allowing potential for leach oxidation processing.
- The test work indicates that a good quality vanadium-only product is recoverable.

Comparison with other Vanadium Deposits

<table>
<thead>
<tr>
<th></th>
<th>Tonnes of Ore</th>
<th>DTR Recovery %</th>
<th>Grade</th>
<th>Concentrate Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reserve</td>
<td>Resource</td>
<td>%V₂O₅</td>
<td>%V₂O₅</td>
</tr>
<tr>
<td></td>
<td>MT</td>
<td>MT</td>
<td></td>
<td></td>
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<tr>
<td>Jervois, NT (average)</td>
<td>Not applicable</td>
<td>Not applicable</td>
<td>27.9</td>
<td>0.47</td>
</tr>
<tr>
<td>Balla Balla, WA</td>
<td>110</td>
<td></td>
<td>0.76</td>
<td></td>
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<tr>
<td>Windimurra, WA</td>
<td>48.2</td>
<td>22.0</td>
<td>0.5</td>
<td>1.17</td>
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<tr>
<td>Rhovan, RSA</td>
<td>50.9</td>
<td>210</td>
<td>0.5</td>
<td></td>
</tr>
</tbody>
</table>

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Alistair Stephens, Managing Director commented, "The results provide confirmation that further exploration is warranted to define a serious resource of magnetite. We have preliminary metallurgical data that would indicate, under the same grade and recovery assumptions, a commercially viable vanadium deposit. Given that demand for vanadium is directly connected with the demand for steel and therefore iron ore and the current prediction for strong growth in the steel market it would be expected this will then result in a strong growth in vanadium in the future. Arafura remains focussed on the development of the Nolans Rare Earth, Phosphate and Uranium project and will view the Jervois vanadium project as potentially the next growth opportunity after Nolans."

All further enquiries should be directed to:

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Figure 1: 2006 drill hole locations, Jervois Project, NT.