



ABN 22 080 933 455

ARAFURA RESOURCES LIMITED (ASX: ARU)

28 February 2009

Cessation of Incitec Pivot Heads of Agreement

Arafura Resources Limited (Arafura) today announces the cessation of the Heads of Agreement with Incitec Pivot Limited (IPL). IPL notified Arafura of its decision to terminate the heads of agreement effective 28th February. Information gathered throughout the review process with regard to site selection will be made available to Arafura for future feasibility.

Arafura is pursuing opportunities after other chemical suppliers have approached Arafura expressing interest to enter into strategic alliances for the supply of raw materials to Arafura's processing facility.

About Arafura Resources

Arafura is a Perth-based specialty metals explorer and developing producer listed on the Australian Securities Exchange in 2003. Arafura is targeting projects that will deliver long-term and sustainable value and growth. The Company's intention is to explore, develop and bring to operation for profit, resources in various mineral commodities.

Arafura's corporate office is located in Perth, Western Australia, with a regional office in Darwin, Northern Territory. Arafura's assets include the Nolans deposit that hosts rare earths, phosphate, and uranium. Other tenements that Arafura control contain gold, nickel and ferro-vanadium mineralisation.

Arafura's primary focus is the development of the Nolans rare earths-phosphate-uranium project. The deposit has a resource of capable of sustaining a mine life well in excess of 20 years. The Company has developed a processing flow sheet, and is near complete the demonstration for the recovery of rare earths, phosphoric acid and uranium at a pilot plant located at ANSTO (Australian Nuclear Science and Technology Organisation) in Sydney.

Test work from Arafura's demonstration plant indicate Arafura could produce up to 90,000 tonnes of premium fertiliser quality P_2O_5 which potentially replaces approximately 15-20% of Australia's current import needs.

For more information:

Contacts:

Fact sheets on Arafura Resources can be found on the Arafura Resources website at www.arafuraresources.com.au