



ACN 080 933 455

Level 4, 16 St Georges Terrace
Perth
PO Box Y3047 East St Georges Terrace
Perth
Western Australia 6832

Telephone: (618) 9221 7666
Facsimile: (618) 9221 7966

Email: arafura@arafuraresources.com.au
Website: www.arafuraresources.com.au

ASX ANNOUNCEMENT 24 January 2006

Frances Creek Project Update - Iron

Arafura welcomes progress on resource and reserve estimation by Territory Iron

Arafura Resources NL (ASX:ARU) welcomes the announcement by Territory Iron Ltd (ASX:TFE dated 24 January 2006) that the total indicated and inferred resource for the Frances Creek district is now estimated at 6.8 million tonnes at 60.6% Fe. This includes a revised resource estimate for the Helene 6/7 of 1.08 million tonnes at 63.9% Fe up 80,000 tonnes from previous estimates. Arafura tenements hold title to 4.5 million tonnes of the total indicated and inferred resource, including Helene 6/7.

Territory Iron has stated that "Of the Ore Reserve, some 2.5 million tonnes fall in tenements from which Territory Iron has agreed to pay royalties to Arafura Resources. The royalties are \$1.30 per tonnes of lump and \$1.00 per tonnes for fines."

Arafura has received \$750,000 in pre-payments from Territory Iron.

Studies for the permitting of mining titles are either complete or underway. An aggressive exploration drilling program is planned in the next field season to target prospective areas for additional iron mineralization.

For further information contact
Alistair Stephens
Managing Director
Telephone: 9221 7666
Mobile: 0421 612 573