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MEDIA RELEASE

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Chinese deal means “full steam ahead” for Arafura

Arafura Resources Limited today announced it has established an equity investment agreement with the Jiangsu Eastern China Non-Ferrous Metals Investment Holding Company that will see the Chinese company take a major stake in Arafura.

Arafura will use the funds to progress the development of the company’s Nolans rare earths-phosphate project, located in the Northern Territory of Australia.

“This strategic alliance secures Arafura’s long term future and proves that, despite the global economic challenges, funding is available for proven and quality projects like Nolans,” Arafura’s Chairman, Hon. Ian Laurance said. “This exciting development means we can maintain our works program to complete our bankable feasibility study and be in production by 2011.”

Under the proposal, which is subject to shareholder approval, Jiangsu Eastern China Non-Ferrous Metals Investment Holding Company will acquire up to 25% of Arafura’s final shares on issue. This will occur through two placements, the first at an issue price of A\$0.30 and the second at A\$0.40. Foreign Investment Review Board approval is also being sought.

Jiangsu Eastern China Non-Ferrous Metals Investment Holding Company is a subsidiary of the East China Exploration and Development Bureau, a major mineral exploration, development and mining group based in the Jiangsu Province of China. The company undertook extensive due diligence into the Nolans project’s geology and metallurgical test results prior to signing the agreement.

Arafura’s Chairman Hon. Ian Laurance said the agreement with this highly strategic partner means it is “full steam ahead” for the Nolans project, plus it will inject momentum into exploration activities on Arafura’s other tenements and further extend the company’s growth potential.

About Arafura

Arafura is a Perth-based specialty metals explorer and developing producer focused on the development of the company’s Nolans rare earths-phosphate project. Rare earths are unique minerals used in magnets and rechargeable batteries needed for the rapidly growing hybrid and electric vehicle market.

The Nolans deposit is capable of sustaining a mine life well in excess of 20 years. The deposit has a current resource of 30.3 million tonnes, containing 848,000 tonnes of rare earth oxides, 3.9 million tonnes of phosphate, and 13.3 million pounds of uranium (ASX: ARU 11/11/08).

Fact sheets on Arafura Resources can be found on the Arafura Resources website at

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www.arafuraresources.com.au

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