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MEDIA RELEASE

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Arafura and Chinese partner seal \$24M investment deal

The \$24 million equity investment agreement between Arafura Resources Limited and the Jiangsu Eastern China Non-Ferrous Metals Investment Holding Company was sealed at a formal signing ceremony in Darwin today.

The investment delivers the Chinese company, a subsidiary of the East China Exploration & Development Bureau (ECE), up to a 25% interest in Arafura.

Arafura Managing Director Alistair Stephens confirmed Arafura will direct the proceeds from the ECE investment to actively progress the development timetable for the company's Nolans rare earths-phosphate-uranium project in the Northern Territory.

Mr Stephens paid tribute to the many years of dedicated promotion by the Northern Territory Government to involve Chinese companies in the exploration and development of assets in the Territory.

"It is pleasing that the ceremony to confirm the strategic partnership between Arafura and the ECE was held in Darwin in the presence of Northern Territory Minister for Primary Industry, Fisheries and Resources, the Hon. Kon Vatskalis," he said.

Arafura respects ECE as a highly strategic and influential partner with renowned expertise in mineral exploration and development.

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Background information:

About Arafura Resources

Arafura Resources Limited (Arafura) is an Australian Securities Exchange listed specialty metals explorer and developing producer.

Arafura's current assets include the Nolans deposit in the Northern Territory of Australia containing apatite rock hosting rare earths, phosphate and uranium. 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). The Nolans deposit is capable of sustaining a mine life well in excess of 20 years.

Development of the Nolans rare earths-phosphate-uranium project currently is Arafura's primary strategic focus. In addition to completing a Bankable Feasibility Study for this project, the company has developed a processing flow sheet and has demonstrated the recovery of rare earths, phosphoric acid and uranium at a pilot plant located at ANSTO (Australian Nuclear Science and Technology Organisation) in Sydney.

Arafura also has an exploration and development program to grow its position in rare earth projects with additional growth beyond the Nolans Project.

Other Arafura-controlled tenements contain gold, nickel and vanadium mineralisation.

Arafura has operated in Australia's Northern Territory for the past 20 years has diversified its asset portfolio by targeting projects that will deliver long-term and sustainable value and growth.

Arafura corporate office is located in Perth, Western Australia, with a regional exploration office in Darwin, Northern Territory.

East China Mineral Exploration & Development Bureau

The East China Mineral Exploration & Development Bureau (ECE) was formed in 1955. ECE is one of the few Chinese State-authorized organisations focused on engaging in mineral and energy exploration and is permitted to complete geological exploration and conduct scientific research in major State-classified projects.

ECE has discovered more than 160 ore deposits in China with a potential value in excess of \$10 billion. Major discoveries include Meishan iron ore, Qixiashan lead-zinc, Fujian Meishan zinc-lead, Yunnan Boka gold-copper and Anhui Matou copper-molybdenum.

ECE has several mines and refining operations including Youxi Jindong lead-zinc mine and refining operations, Fujian Taiyangshan gold mine, Yunan Boka gold mine, Anhui Matou copper-molybdenum mine and an iron mine in Brazil.

ECE has over 4,000 employees, 8 subsidiary geological exploration units, 7 scientific research institutions, a post-doctoral research station, a business research and development centre and 22 companies which specialise in mining, engineering and drilling.

ECE boasts outstanding qualifications in the field of exploration, hydrology, environmental geology, geophysical and geochemical exploration, remote sensing and geological engineering. With first-class technology and management experts, advanced exploration technology, significant mining and processing experience and strong financial capabilities, ECE is well positioned for foreign investment in mineral exploration and development.

The information in this release that relates to Arafura Resources Limited's exploration results and geological interpretation has been compiled by Mr Richard Brescianini BSc (Hons) and the information in this release that relates to Arafura Resources Limited's metallurgical results and interpretation has been compiled by Mr Steven Mackowski, both full-time employees of Arafura Resources Limited.

Mr Brescianini is a Member of the Australian Institute of Geoscientists and he has sufficient experience with the style of mineralisation being reported 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)" for reporting these exploration results. Mr Brescianini consents to the inclusion in this report of the contained technical information in the form and context in which it appears.

Mr Mackowski is a Fellow of the Australian Institute of Mining and Metallurgy and he has sufficient experience with the style of mineralisation being reported 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)" for reporting these metallurgical results. Mr Mackowski consents to the inclusion in this report of the contained technical information in the form and context in which it appears.