



ABN 22 080 933 455

14 OCTOBER 2008

## EQUITY LINE OF CREDIT AGREEMENT

The Board of Arafura Resources Limited (Arafura Resources) has agreed to accept the offer of an A\$20,000,000 facility with US-Based Investment Fund YA Global Investments, L.P. (YA Global).

Under the terms of the facility, Arafura Resources may, at its **discretion**, issue shares to YA Global at any time over the next 60 months, up to a total of A\$20,000,000.

Subject to certain pricing parameters, shares issued to YA Global will be priced at the lowest daily volume weighted average price (VWAP) of Arafura Resources Limited shares traded on each of the 10 trading days which follow an advance notice by Arafura Resources. A commission of 5% is payable by Arafura Resources on each advance at the time the advance is made.

Managed by US-Based Yorkville Advisors LLC, YA Global Investments has a solid reputation in the US and UK financial markets and a rapidly growing reputation in Australia for structuring convertible loans and equity participation agreements. To date, the YA Global Group has made available in excess of over A\$300,000,000 for over 20 ASX-listed companies.

The Chairman of Arafura Resources, Mr. Mick Muir, stated "The execution of this facility with YA Global ensures the continued progression of the Nolans Feasibility study and shows that even in these tough economic conditions, quality projects will attract investors." "The Nolans Rare-Earth-Phosphate project is the company's flagship asset and must progress. It will become the world's premier Rare Earth supplier outside of China and an essential source of high quality phosphoric acid to the Australian fertilizer industry."

### About Arafura Resources

Arafura's primary focus is the development of the Nolans rare earths-phosphate-uranium project. The deposit has a resource to sustain a mine life of over 20 years and Arafura has developed a processing flowsheet that optimises the extraction of rare earths, phosphoric acid, and uranium. Recent drilling programmes have identified additional mineralisation which is expected to extend the mine life or similarly enable the company to meet joint venture partner growth requirements.

For more information:

Fact sheets on Arafura can be found on the Arafura Resources website at [www.arafuraresources.com.au](http://www.arafuraresources.com.au) or by contacting the Arafura office on +61 8 9221 7666.