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East China Non-Ferrous Mineral
Exploration & Development Bureau

MEDIA RELEASE

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ARAFURA CONFIRMS CHINA DEAL

Arafura Resources Limited (ASX:ARU) has this week confirmed that the Chinese company East China Exploration (ECE) will invest A\$24 million to acquire a 25% interest in Arafura.

ECE will acquire 60 million shares at prices up to 40 cents per share by way of two placements.

The details of ECE's commitment were confirmed at ECE's Headquarters in Nanjing, China this week in meetings with Arafura's Chairman, Ian Laurance and Managing Director, Alistair Stephens.

Mr. Laurance and Mr. Stephens met with senior ECE executives. Mr. Laurance, speaking from Nanjing following the meetings, said that the ECE placements would be subject to approval by Arafura shareholders at an EGM that would be held as soon as possible. The ECE involvement would also require FIRB approval and both companies were proceeding with this application.

"ECE, with a history of 54 years, is a major mineral exploration, development and mining group based in the Jiangsu Province of China and they are interested in assisting Arafura to develop the Nolan's rare earths-phosphate and uranium project in Northern Territory", Mr. Laurance said.

"The ECE capital injection will ensure that Arafura has the cash to progress our feasibility work for the Nolans project this year. ECE will then assist us in project financing for mining and processing for the Nolans project."

Mr. Laurance said that following the meetings in Nanjing this week, a delegation of senior ECE Executives will travel to Australia in April to visit the Nolan's site in central Australia and to meet with the Northern Territory Minister for Mines, Hon Kon Vatskalis and the Federal Minister for Resources, Hon Martin Ferguson.

Managing Director Mr. Stephens said that in addition to assisting the funding of the Nolans project, ECE would enter into a series of relevant Joint Ventures to explore Arafura's other tenements in the Northern Territory.

"ECE has had great success in exploration across China and in many other countries and they are keen to bring their expertise to assist Arafura in developing further opportunities." Mr. Stephens said.

ENDS

For more information contact

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About Arafura Resources

Arafura is a Perth-based specialty metals explorer and developing producer which has operated in the Northern Territory for the past 20 years. It listed on the Australian Securities Exchange in 2003 and has diversified its asset portfolio by 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 containing apatite rock hosting rare earths, phosphate, uranium and thorium. Other tenements that Arafura control contain gold, nickel and vanadium mineralisation.

Arafura's primary focus is the development of the Nolans rare earths-phosphate-uranium project. 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. The Company has developed a processing flow sheet, and is currently demonstrating 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 has an exploration and development program to grow its position in rare earth projects with additional growth beyond the Nolans Project. The Company will focus on the identification and development of rare earth projects and specialise in rare earth products and their markets.

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

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.