MEDIA RELEASE
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ARAFURA BOARD UNANIMOUSLY BACKS ECE INVESTMENT

The Chairman of Arafura Resources Limited (**ASX:ARU;** "Arafura"), Ian Laurance, wishes to announce that his Board has unanimously endorsed Chinese Group East China Mineral Exploration & Development Bureau's ("ECE") proposed investment to provide a further A$14.4 million and increase its holding in Arafura to 25%.

'The Directors recommend that shareholders approve the transaction," Mr. Laurance said.

Arafura shareholders will vote on the transaction at an Extra Ordinary General Meeting to be held on Thursday 17th September. Mr. Laurance said the Notice of Meeting would be mailed to shareholders this weekend.

"Myself, and my fellow Directors are firmly of the view that the ECE transaction is definitely in the best interests of Arafura shareholders. ECE is a highly strategic and influential partner who will actively work together with Arafura to assist funding and development of the Nolans Project," said Mr. Laurance.

Following this transaction ECE will have contributed AUD$22.94 million for a 25% share of Arafura. The initial placement of 28,333,333 Fully Paid Ordinary Shares at AUD0.30 was finalised in June with Arafura receiving cleared funds of AUD$8.5 million. This second placement of 36,100,000 Fully Paid Ordinary New Shares at an issue price of A$0.40 would provide a further cash injection of AUD$14.44 million. The increased cash backing will enable Arafura to progress its Bankable Feasibility Study (BFS) for the Nolans rare earths project.

"ECE is supportive of Arafura's management and current operating plans, and has the financial backing to help secure the future of the Company and its 100%-owned Nolans rare earths project as well as exploration activity at Arafura's other projects," Mr. Laurance said. "ECE will make an excellent long-term partner."

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