



ASX & MEDIA RELEASE

17 September 2009

ARAFURA SHAREHOLDERS UNANIMOUSLY ENDORSE A\$23M INVESTMENT BY CHINESE PARTNER

Arafura Resources Limited (**ASX:ARU**) shareholders today unanimously voted in overwhelming support of the Chinese group East China Mineral Exploration & Development Bureau's ("ECE") investment of almost A\$23 million for a total interest in Arafura of about 25%.

Arafura's initial placement of 28,333,333 Fully Paid Ordinary Shares to ECE for A\$8.5 million was finalised in June 2009. At today's EGM, shareholders voted in favour of this transaction and a second placement of 36,100,000 Fully Paid Ordinary New Shares to ECE for an additional A\$14.44 million. Foreign Investment Review Board (FIRB) and other approvals for the transaction were granted in May 2009.

Arafura Chairman Mr. Ian Laurance said shareholder endorsement of Arafura's alliance with ECE, a major Chinese metals and mining company, will strengthen the Company's cash position and enables Arafura to progress its Bankable Feasibility Study (BFS) for the Nolans Rare Earths Project in Australia's Northern Territory.

ECE has also indicated an interest in future joint venture opportunities with Arafura in respect to its existing assets and other potential projects.

Managing Director and CEO to step down

Shareholders attending the EGM were also informed that Arafura Managing Director and Chief Executive Officer Mr. Alistair Stephens had advised the Board of his decision to resign his position in line with his decision to relocate with his family to Queensland in early 2010.

Mr. Stephens, who will step down as Managing Director immediately, will remain in the role of Arafura CEO until a suitable replacement is appointed. The Board will undertake an executive search and intends to make an appointment before the end of 2009.

Mr. Laurance said Board had reluctantly accepted Mr. Stephens' resignation and paid tribute to the outstanding contribution he had made since assuming the role of CEO in 2004.



“Mr. Stephens has provided exceptional leadership to Arafura over the past five year and has grown the Company’s value exponentially over this time, from a market capitalization of A\$4 million in 2004 to over A\$300 million it is today,” said Mr. Laurance.

“He has been instrumental in Arafura’s efforts to define the large resource of our flagship Nolans Rare Earths Project and in identifying and securing ECE’s support as a cornerstone partner in the company going forward.”

“On behalf of my fellow Directors and all Arafura shareholders and employees I sincerely thank Mr. Stephens for his dedication and efforts to provide the company with a solid foundation for growth going forward.”

For more information contact:

Ian Laurance AM

Chairman, Arafura Resources

M: +61 (0)408 448 868

Alistair Stephens

Managing Director, Arafura Resources

M: +61 (0) 421 612 573