ASX RELEASE

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ARAFURA SHAREHOLDERS APPROVE SECOND TRANCHE ($37.6M) OF RECENT CAPITAL RAISING

Arafura Resources Limited (**ASX:ARU**) ('**Arafura**' or '**the Company**') advises that at the Extraordinary General Meeting ('EGM') held today, a resolution to approve the second tranche ($37.6M) of the recent capital raising was passed by shareholders.

The funds raised, together with Arafura's existing cash reserves, will provide Arafura with approximately $100M in cash which will be used to fund:

- Progression of the Nolans Project to the Project Financing stage including completion of the Bankable Feasibility Study and securing all regulatory approvals;
- Completion of the technology demonstration work program; and
- Further resource definition drilling with the aim to significantly increase the current Nolans Bore resource to gauge expansion potential.

Arafura Managing Director, Dr Steve Ward, said "The new funds from this successful capital raising will enable Arafura to build on the significant progress throughout 2010 to further advance development of the Nolans Project. It also enables us to assess production expansion potential from the Nolans Bore resource."

The decision by Arafura's largest shareholder East China Exploration and Development Bureau ('ECE'), a Chinese Government state-owned enterprise, to vote against Resolution 1 resulted in it not being passed. As a result of Resolution 1 not being passed, the Company would require shareholder approval to make any further share placements prior to October 2011. The Company currently has no intention to raise further capital until the project financing stage.

Prior to the EGM, the Board spent considerable time with ECE clarifying the purpose of both resolutions. The Board, including the two ECE nominee Directors, supported both resolutions and recommended that shareholders vote in favour of them in the Notice of Meeting for the EGM.

"Given these circumstances, we are surprised and disappointed that Resolution 1 was voted down by ECE," Dr Ward said.

"This has no effect on the capital raising approved today under Resolution 2 and we continue to move forward on our fast track program to bring Nolans into production by 2013. Today's result is a reflection of continued shareholder support, including ECE, for the Nolans Project."

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