

ASX RELEASE

15 December 2010



**AN EMERGING
RARE EARTHS
PRODUCER
FOR USERS
WORLDWIDE**

Successful \$90M Capital Raising Completed

Emerging Australian rare earths producer, Arafura Resources Limited (**ASX: ARU**) ("**Arafura**" or "**the Company**") is pleased to advise the second tranche of the \$90M placement announced in October has now settled.

Following shareholder approval at the Company's EGM on 9 December 2010, Arafura received the final settlement of \$37.6M and issued 31.3M shares.

"The completion of this transaction, which follows receipt of \$52.4M received in November from settlement of tranche one, marks a significant milestone in Arafura's progress towards becoming a producer of rare earth oxides from 2013," Dr Steve Ward, Managing Director and CEO said.

"Arafura now has approximately \$100M cash available for use to progress all necessary work programs to develop our 100%-owned Nolans Project at full pace. We remain on target to reach the project financing state by the end of 2011. Funds will also be used to complete expansion drilling at our Nolans Bore resource in the Northern Territory to assess potential for upside."

Dr Ward said "The strong commitment to the recent capital raising by new institutional investors, is a further endorsement of the confidence and support that all our shareholders have in the Company's world class Nolans Project. Arafura is now well placed to become one of very few near-term suppliers of Rare Earth Oxides to users worldwide."

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