

**ASX
RELEASE**

21 March 2012



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

ARAFURA RAISES A\$8.2M THROUGH SHARE PURCHASE PLAN

The Directors of Australian Rare Earths company **Arafura Resources Limited (ASX: ARU) (Arafura or the Company)** would like to thank shareholders who participated in the recent Share Purchase Plan ("SPP") which closed on 19 March 2012.

The SPP has raised approximately A\$8.2 million at A\$0.294 per share. Allotment of shares under the SPP will occur on Thursday 22 March 2012, with the SPP shares commencing trading on the ASX on Friday 23 March 2012.

This will bring Arafura's cash position to an estimated A\$26 million as at end March.

Following the SPP the Company will now offer its largest shareholder ECE Nolans, a wholly owned subsidiary of the East China Mineral Exploration and Development Bureau, the opportunity to subscribe for shares at the same price as the SPP to maintain its existing shareholding at approximately 17.5%. This will be subject to regulatory and shareholder approval.

At the date of this notice, ECE Nolans has indicated its support for the SPP and that it intends to subscribe for the shares.

"The Board is strongly encouraged by the ongoing support of its shareholders," Arafura's Chairman, Ian Kowalick, said. "This is an excellent result for the Company and endorses the confidence that our shareholders have in Arafura and the Nolans Project."

The funds raised through the SPP together with existing funds will be used for ongoing work streams aimed at progressing the Nolans Rare Earths Project, including environmental studies, mine planning and process flow sheet refinement.

The Board is also pleased to announce that Non-executive Director, Chris Tonkin, will assist the Company in an interim capacity as Chief Executive Officer whilst the Company works through the current transitional period.

Mr Tonkin has been closely involved in the financing, business analysis and development of many major projects in Australia and internationally over the last 20 years and is recognised throughout a wide industry network. He began his career as a metallurgist and environmental engineer, prior to undertaking a range of corporate advisory assignments for AIDC, Chase Manhattan Bank and KPMG.

In 1994, Mr Tonkin joined the ANZ Banking Group Limited in the Project and Structured Finance business. His most recent role was Executive Director and Head of Natural Resources in ANZ's Project and Structured Finance Group. Under Mr Tonkin's direction and management the business became the most successful natural resources finance

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business in Australasia. By syndicating funds globally, ANZ were positioned as a preferred financier for complex resources transactions throughout Australia, Asia and the Pacific.

Mr Tonkin holds a Bachelor of Science (Honours) degree in Metallurgy and Chemistry, a Bachelor of Arts degree in Economics and Politics, and a Master of Business Administration. He is a member of the Finance and Treasury Association Limited, the Melbourne University Business School Association, and is a Graduate of the Australian Institute of Company Directors.

Mr Kowalick said, "The Board is delighted to have Mr Tonkin accept the role of interim CEO. His appointment is especially important at this critical time of Arafura's development as it seeks ongoing funding."

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