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RARE EARTHS
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TERMINATION OF LAND PURCHASE AGREEMENT IN WHYALLA

- **Land purchase agreement for Whyalla site terminated by Arafura;**
- **Site no longer required following recently announced cost saving initiatives to boost Nolans Project economics;**
- **Capital savings of approximately A\$400 million identified through re-location of intermediate chemical processing and rare earths separation;**
- **Study underway to identify the optimal location for rare earths separation facility.**

Australian rare earths company **Arafura Resources Limited (ASX: ARU)** ("**Arafura**" or the "**Company**") today announces the formal termination of the *Contract for Sale and Purchase of Land* in Whyalla, South Australia.

The land purchase agreement was executed in mid-2011 (ASX: ARU 01/07/11). The decision to terminate follows the Company's recently announced cost savings initiatives (ASX: ARU 22/04/13) aimed at improving the economics of the Nolans Rare Earths Project (the "Project").

Under the revised scope of the Project and following comprehensive investigative work by the Company, it is evident that the Whyalla site is no longer required to facilitate the needs of the Project. Furthermore, the Company believes it unlikely that any benefit could be retained by continuing with the purchase agreement.

The termination of the land purchase agreement will be effective as of 24 June 2013.

Arafura is targeting capital savings of about A\$400 million and material savings in operating costs by relocating intermediate chemical processing closer to the Nolans Bore Mine site in the Northern Territory, and potentially by locating rare earths separation alongside established infrastructure at a suitable chemical precinct. The Company is examining a number of potential sites for rare earths separation as part of a global site assessment study.

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