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RARE EARTHS
PRODUCER
FOR USERS
WORLDWIDE**

ARAFURA COMPLETES \$10.0 MILLION SHARE PLACEMENT TO ECE

- **Cash receipt of A\$9.96 million;**
- **Capital injection from major shareholder validates significant potential of the Nolans Project;**
- **45,266,500 shares issued at A\$0.22 per share;**
- **Funding will advance feasibility study towards completion.**

Australian Rare Earths company **Arafura Resources Limited (ASX: ARU)** (“Arafura” or the “**Company**”) is pleased to announce the completion of the share subscription agreement (ASX: ARU 19 June 2012) to its major shareholder ECE Nolans Investment Company Pty Ltd (“**ECE**”). As part of the agreement, the Company has today received cash of A\$9,958,630 in exchange for 45,266,500 fully paid ordinary shares at an issue price of A\$0.22 per share.

The price represents a 29% premium over the Company’s last trading day’s closing price and a 10% premium over the 15 day VWAP of A\$0.20 at the time the transaction was agreed.

The transaction received approval from the Australian Government through the Foreign Investment Review Board as well as authorities in the People’s Republic of China.

It was also strongly supported by shareholders at the EGM held on 18 October 2012.

Following settlement, ECE will return to a strategic equity holding of 24.86% in Arafura as per their original agreement, signed in 2009.

ECE’s commitment through ongoing strategic and financial support validates their confidence in the Nolans Project and in Arafura’s Board and management. Both parties are committed to developing and funding Arafura’s flagship project in a way that limits shareholder dilution and ultimately increases shareholder returns.

Arafura will use the funds to progress its feasibility study for the Nolans Rare Earths Project towards completion.

Arafura Chairman, Mr Ian Kowalick commented, “We are delighted with the ongoing financial and strategic support shown by our largest shareholder. This funding places Arafura in a strong financial position to advance feasibility toward completion and further develop the Nolans Project.”

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ECE Chairman, Mr Shao Yi said, “Against the background of current global financial market conditions, the support from ECE further validates confidence in the significant potential of the Nolans Project. It also reflects the good faith that exists between our two companies.”

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