

**ASX  
RELEASE**

14 October 2013



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

## MANAGING DIRECTOR'S TERMS OF EMPLOYEMENT

In accordance with ASX Listing Rule 3.16.4 and ASX Policy on Disclosure of MD/CEO Remuneration, Australian rare earths company **Arafura Resources Limited (ASX: ARU)** ("**Arafura**" or the "**Company**") provides the key terms of Mr Gavin Lockyer's employment.

ITEM	DESCRIPTION
Term	No fixed term - commencing from 23 <sup>rd</sup> July 2013.
Remuneration (TFR)	\$425,000 inclusive of employer superannuation contributions.
Other	\$1,100 Health & Well Being Allowance consistent with Arafura Staff Policy.  10 days non-cumulative annual leave over the statutory 20 days p.a.  Provision of a car parking bay.
Short Term Incentive (STI):  (applies to all Arafura Employees)	Arafura's STI Plan will provide for a maximum of a 30% TFR cash bonus upon achieving specified annual performance measures set by the Board including project milestones and market capitalisation appreciation or share price performance comparisons, in order to link the remuneration of employees to shareholder wealth creation.
Long Term Incentive (LTI)	The offer of 1.5m employee share options at a price to be determined following 12 months of continuous service and subject to shareholder approval in 2014.

- ENDS -

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