



ABN 22 080 933 455

**23 February 2010
ASX ANNOUNCEMENT
SETTLEMENT OF PLACEMENT AND
RENONCEABLE RIGHTS ISSUE FOR SHARES**

Arafura Resources Limited (**ASX: ARU**) (“**Arafura**” or “**the Company**”) is pleased to announce it has today settled the first tranche of the recent capital raising announced on 17th February 2010.

Settlement of \$17.5 million has been received by Arafura and issue of 28.2m shares has now been effected to accredited institutional investors and sophisticated investors.

In addition, a Prospectus for the Renounceable Rights issue was lodged with the Australian Securities and Investments Commission (ASIC) and the ASX Limited (ASX) today. A copy of the Prospectus will be sent to shareholders on or before the 9th March 2010. Full details of the rights issue are set out in the Prospectus. The issue is not subject to an underwriting agreement.

A summary of the terms of the rights issue and the key dates for eligible shareholders is set out below:

Entitlement:

Under the Offer, shareholders have the right to acquire 1 new ordinary share (New Shares) for every 10 ordinary shares held in Arafura at the Record Date. The new shares will have an issue price of \$0.62 per share and will rank equally with existing Shares in Arafura.

The Rights Issue is renounceable and shareholders will be able to sell, or purchase additional rights to participate in the Rights Issue.

In addition, shareholders who subscribe for their full entitlement may have the opportunity to further increase their holding by applying for any shortfall shares under the Rights Issue. Any shortfall shares will be placed at the discretion of the directors at the issue price of \$0.62 per share.

Size of Issue:

Approximately 28.7million new shares will be offered under the rights issue. The rights issue will raise approximately \$17.8million before the payment of the costs of the issue.

Purpose of the Issue:

It is proposed the majority of funds raised will be used for advancement towards commercial production at the Nolans Rare-Earth- Phosphate-Uranium project.

Summary of Key Dates

- Notice of Rights Issue sent to shareholders.
- Record date for determining entitlements to new shares 4th March 2010
- Prospectus and Entitlement and Acceptance Forms dispatched 9th March 2010.
- Closing date for acceptances 23rd March 2010.
- Allotment of new shares and dispatch of holding statements 29th March 2010.

Any questions concerning the Offer should be directed to the Company Secretary.