



ABN 22 080 933 455

ARAFURA RESOURCES LIMITED (ASX: ARU)

29 May 2009

Australian Foreign Investment Review Board Approves Chinese Investment in Arafura Resources

The Board of the Jiangsu Eastern China Non-Ferrous Metals Investment Holding Company Limited (JEC) has received approval from the Australian Government to proceed with the strategic equity investment in Arafura Resources Limited (ARU).

The approval through the Australian Government Foreign Investment Review Board (FIRB) allows JEC to subscribe for a strategic equity holding of up to 25% in ARU subject to finalisation of the share subscription agreement and ultimately Arafura shareholder approval.

JEC is an associated entity of the East China Exploration & Mineral Development Bureau (ECE) which is a major mineral exploration, development and mining group based in Nanjing in the Jiangsu Province of China.

Arafura Managing Director, Alistair Stephens stated that the capital injection will ensure Arafura has the funding to progress our engineering feasibility study for the Nolans project. JEC is a highly strategic and influential partner who will actively work with Arafura to assist funding and development of the Nolans Project. The skills and expertise that JEC brings to Arafura are substantial. We have agreed to undertake a philosophy to limit dilution of the Company shareholding, fund projects, grow our project profile and ultimately increase shareholder wealth.

The strategic partnership between Arafura and JEC comes on the back of many years of dedicated promotion by the Northern Territory Government to involve Chinese companies in the exploration and development of assets in the Northern Territory.

Exploration and Business Development

Arafura and JEC have also agreed to establish joint ventures and co-operate in additional funding for exploration on all of Arafura Resources' existing exploration licences.

In addition, the parties have agreed that if Arafura acquires additional exploration licences or mineral projects, then the parties will negotiate in good faith to develop them jointly.

Arafura and JEC view this investment as the foundation for an ongoing and significant strategic relationship.

About East China Mineral Exploration & Development Bureau

East China Mineral Exploration & Development Organisation (ECE) was formed in 1955. ECE is one of the few State authorised organisations focused on engaging in mineral and energy exploration and is permitted to carry out geological exploration as well as conducting scientific research in major State classified projects.

ECE has discovered more than 160 ore deposits in China with a potential value in excess of \$10 billion. ECE has over 4,000 employees, 8 subsidiary Geological Exploration units, 7 scientific research institutions, a post-doctoral research station, a business research and development centre and 22 companies which specialise in the field of mining, engineering and drilling. ECE boasts outstanding qualifications in the field of exploration, hydrology, environmental geology, geophysical and geochemical exploration, remote sensing and geological engineering. With first-class technology and management experts, advanced exploration technology, significant mining and processing experience and strong financial capabilities, ECE is well positioned for foreign investment in mineral exploration and development.

Major discoveries include Meishan iron ore, Qixiashan lead-zinc, Fujian Meishan zinc-lead, Yunnan Boka gold-copper and Anhui Matou copper-molybdenum.

ECE has several mines and refining operations including Youxi Jindong lead-zinc mine and refining operations, Fujian Taiyangshan gold mine, Yunnan Boka gold mine, Anhui Matou copper-molybdenum mine and an iron mine in Brazil.

About Arafura Resources

Arafura Resources is a Perth-based specialty metals explorer and developing producer which has operated in the Northern Territory for the past 20 years. It listed on the Australian Securities Exchange in 2003 and has diversified its asset portfolio by targeting projects that will deliver long-term and sustainable value and growth. The Company's intention is to explore, develop and bring to operation for profit, resources in various mineral commodities.

Arafura Resource's corporate office is located in Perth, Western Australia, with a regional office in Darwin, Northern Territory. Arafura Resource's assets include the Nolans deposit containing apatite rock hosting rare earths, phosphate, uranium and thorium. Other tenements that Arafura control contain gold, nickel and vanadium mineralisation.

Arafura Resource's primary focus is the development of the Nolans rare earths-phosphate-uranium project. The deposit has a current resource of 30.3 million tonnes, containing 848,000 tonnes of rare earth oxides, 3.9 million tonnes of phosphate, and 13.3 million pounds of uranium (ASX: ARU 11/11/08). The Nolans deposit is capable of sustaining a mine life well in excess of 20 years. The Company has developed a processing flow sheet, and is currently demonstrating the recovery of rare earths, phosphoric acid and uranium at a pilot plant located at ANSTO (Australian Nuclear Science and Technology Organisation) in Sydney.

Arafura Resources has an exploration and development program to grow its position in rare earth projects with additional growth beyond the Nolans Project. The Company will focus on the identification and development of rare earth projects and specialise in rare earth products and their markets.

For more information:

Contacts:

Managing Director	Alistair Stephens	0421 612 573
Chief Financial Officer	Gavin Lockyer	0419 914 072

Fact sheets on Arafura Resources can be found on the Arafura Resources website at www.arafuraresources.com.au

The information in this release that relates to Arafura Resources Limited's exploration results and geological interpretation has been compiled by Mr Richard Brescianini BSc (Hons) and the information in this release that relates to Arafura Resources Limited's metallurgical results and interpretation has been compiled by Mr Steven Mackowski, both full-time employees of Arafura Resources Limited.

Mr Brescianini is a Member of the Australian Institute of Geoscientists and he has sufficient experience with the style of mineralisation being reported to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code)" for reporting these exploration results. Mr Brescianini consents to the inclusion in this report of the contained technical information in the form and context in which it appears.

Mr Mackowski is a Fellow of the Australian Institute of Mining and Metallurgy and he has sufficient experience with the style of mineralisation being reported to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code)" for reporting these metallurgical results. Mr Mackowski consents to the inclusion in this report of the contained technical information in the form and context in which it appears.