

ASX RELEASE

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ARAFURA SELECTS WHYALLA SITE FOR RARE EARTHS PROCESSING COMPLEX

HIGHLIGHTS:

- Arafura signs Exclusivity Deed with OneSteel Manufacturing Pty Ltd, a subsidiary of OneSteel Limited, to purchase land at Whyalla, South Australia, for its proposed rare earths processing complex.
- Deed provides for both parties to negotiate formal sale agreement in an exclusive arrangement with Arafura.
- Allows Arafura immediate access to site to progress detailed engineering and environmental studies.
- Site selection marks a major milestone in planned development of Arafura's 100%-owned Nolans Project. It creates a clear focus for future project work.
- Arafura on target for first production of rare earth oxides in 2013.

Australian rare earths company **Arafura Resources Limited (ASX: ARU)** (**Arafura** or **the Company**) today announced it had signed an Exclusivity Deed (**Deed**) with OneSteel Manufacturing Pty Ltd, a subsidiary of OneSteel Limited (**OneSteel**), to purchase approximately 800 hectares of land at Whyalla in South Australia to locate its proposed rare earths processing complex (**Rare Earths Complex** or **the Complex**).

The Deed allows Arafura immediate access to the site to progress detailed engineering and environmental studies, while the parties finalise the sale and purchase agreement. Both parties are working to conclude the transaction by end 2010.

Arafura Managing Director and CEO Dr Steve Ward said the site selection decision follows a comprehensive review of potential sites Australia-wide. It is a major milestone in Arafura's strategy to develop its 100%-owned Nolans Project.

"This marks a great step forward for Arafura in delivering the Nolans Project. We have developed a strong working relationship with OneSteel and we look forward to joining them as part of the Whyalla community," Dr Ward said.

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“This will truly be a value-adding project in Australia where our mineral resources are upgraded prior to sale. The Nolans Project will create significant value from both the Nolans Bore Mine in the Northern Territory and the Rare Earths Complex in Whyalla, South Australia.”

“This Complex will be a substantial mineral processing and chemical manufacturing facility by Australian standards. Whyalla will be Arafura’s - and Australia’s - gateway to global rare earths markets,” he said.

The final decision to proceed with construction of the Rare Earths Complex will be made following completion of a Bankable Feasibility Study and project finance is secured.

“The signing of this Deed is further evidence that Arafura is committed to delivering on its stated objective to be the recognised leading supplier of rare earths to users worldwide from 2013,” Dr Ward said.

- ENDS -

Visit www.arafuraresources.com.au for information on the Whyalla Rare Earths Complex.

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