



21 June 2019

Dear Shareholder

Arafura Resources Limited non-renounceable pro-rata entitlement offer

Notification to Ineligible Overseas Shareholders

As you may be aware, Arafura Resources Limited (ASX:ARU) (**Arafura**) is currently undertaking a fully underwritten 7 for 20 non-renounceable pro-rata entitlement offer of new fully paid ordinary shares in Arafura (**New Shares**) at an offer price of \$0.085 per New Share (**Offer Price**) to raise \$23.2 million (before costs) (**Entitlement Offer**).

The Entitlement Offer is being made in accordance with section 708AA of the *Corporations Act 2001* (Cth) (as modified by Australian Securities and Investments Commission Corporations (Non-Traditional Rights Issues) Instrument 2016/84), meaning that no prospectus needs to be prepared in relation to the Entitlement Offer.

New Shares issued under the Entitlement Offer will rank equally with other Arafura shares on issue.

Arafura expects that the Entitlement Offer will close on 5.00pm AEST on 12 July 2019. Details of the Entitlement Offer were released to the Australian Securities Exchange on 20 June 2019.

Arafura intends to use the funds raised under the Entitlement Offer:

- to progress further development of the Nolans NdPr Project including Project execution readiness to allow award of key design and project management contracts, commencement of front end engineering design work, completion of early contractor involvement phase and the delivery and tender of long lead procurement items and early works construction contracts;
- for an exploration and metallurgical program aimed at potentially increasing the Nolans Project mine life; and
- for ongoing working capital.

Please refer to slide 9 of Arafura's investor presentation for the Entitlement Offer that was announced to ASX on 20 June 2019 for a breakdown of the amount intended to be allocated to each of the above items.

The Entitlement Offer is anticipated to open on 28 June 2019 and close on 12 July 2019.

The Entitlement Offer is being offered to all Eligible Shareholders only. **Eligible Shareholders** are shareholders who:

- (a) are registered as holders of Existing Shares as at 7:00pm (AEST) on 25 June 2019;
- (b) have a registered address on Arafura's share register in Australia or New Zealand;
- (c) are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States; and
- (d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

Shareholders who do not satisfy the above criteria are **Ineligible Shareholders**.

Unfortunately, as you do not satisfy the eligibility criteria to be classified as an Eligible Shareholder, Arafura is unable to extend to you the opportunity to participate in the Entitlement Offer.

Under the terms of the Entitlement Offer, you are not eligible to subscribe for New Shares and you will not be sent a copy of the Entitlement offer documents.

This letter is to inform you about the Entitlement Offer, the details of which are provided above, and is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything in response to this letter.

The restrictions upon eligibility are because of legal limitations in some countries, the relatively small number of shareholders in those countries, the relatively small number of shares those shareholders hold and the potential cost of complying with regulatory requirements in those countries. Arafura has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to make offers to shareholders with registered addresses in countries other than Australia and New Zealand. Accordingly, in compliance with ASX Listing Rule 7.7.1(b), this letter advises you that Arafura will not be extending the Entitlement Offer to you.

Investor Enquiries

For further information in regard to the Entitlement Offer, please contact the Arafura Shareholder Information Line on 1300 730 659 (within Australia) or +61 1300 730 659 (outside Australia) at any time between 8.30am and 5.30pm (AEST), Monday to Friday (excluding public holidays).

Nothing contained in this announcement constitutes investment, legal, tax or other advice. You should make your own assessment and take independent professional advice in relation to the information and any action on the basis of the information.

Signed for and on behalf of Arafura



Mark Southey
Chairman

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.