



OFFER BOOKLET

ARAFURA RESOURCES LIMITED
ACN 080 933 455

7-for-20 non-renounceable pro rata entitlement offer of fully paid ordinary shares at \$0.085 per new share to raise approximately \$23.2 million

The Entitlement Offer is fully underwritten by Patersons Securities Limited and sub-underwritten by Talaxis Limited (for \$7.2 million)

Entitlement Offer closes at 5.00pm (AEST) on 12 July 2019.

Not for distribution or release outside Australia or New Zealand

This is an important document which is accompanied by a personalised Entitlement and Acceptance Form and both documents should be read in their entirety.

If you have any questions please contact your professional adviser or the Arafura Shareholder Information Line on 1300 730 659 (within Australia) or +61 1300 730 659 (outside Australia) from 8.30am to 5.30pm (AEST) Monday to Friday (excluding public holidays) during the Entitlement Offer Period.

LEAD MANAGER AND UNDERWRITER



Australian Financial Services Licence: 239052

CORNERSTONE SUB-UNDERWRITER



Talaxis Limited

IMPORTANT NOTICES

This Offer Booklet has been prepared by Arafura Resources Limited ABN 22 080 933 455 and is dated 28 June 2019. Capitalised terms in this section have the meaning given to them in this Offer Booklet.

The Entitlement Offer is made in accordance with section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84). This Offer Booklet does not contain all of the information which an investor may require to make an informed investment decision. The information in this Offer Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

This Offer Booklet should be read in its entirety before you decide to participate in the Entitlement Offer. This Offer Booklet is not a prospectus or other disclosure document under the Corporations Act and has not been lodged with ASIC.

By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares through BPay@ in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Offer Booklet and you have acted in accordance with and agree to the terms of the Entitlement Offer detailed in this Offer Booklet.

No overseas offering

This Offer Booklet and the accompanying Entitlement and Acceptance Form do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this Offer Booklet does not constitute an offer to Ineligible Shareholders and may not be distributed in the United States and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States.

This Offer Booklet is not to be distributed in, and no offer of New Shares is to be made, in countries other than Australia and New Zealand.

No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of this Offer Booklet (including an electronic copy) outside Australia and New Zealand, is restricted by law. If you come into possession of the information in this booklet, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Shares is subject to all requisite authorities and clearances being obtained for Arafura to lawfully receive your Application Monies.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of Arafura with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

United States

None of the information in this Offer Booklet or the Entitlement and Acceptance Form that will accompany this booklet when it is despatched to Eligible Shareholders constitutes an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither this booklet (or any part of it), the accompanying ASX announcements nor the Entitlement and Acceptance Form when that is to be made available, may be released to US wire services or distributed, to any person in the United States.

The New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by persons (including nominees or custodians) who are acting for the account or benefit of a person in the United States, and the New Shares may not be offered, sold or resold in the United States or to, or for the account or benefit of, a person in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction in the United States. The New Shares in the Entitlement Offer may only be offered and sold outside the United States in "offshore transactions" in reliance on Regulation S under the U.S. Securities Act.

Definitions and time

Defined terms used in this Offer Booklet are contained in Section 7. All references to time are to Australian Eastern Standard Time (Australia), unless otherwise indicated.

Foreign exchange

All references to '\$' are AUD unless otherwise noted.

Taxation

Arafura recommends that you consult your professional tax adviser in connection with the Entitlement Offer.

Privacy

Arafura collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in Arafura.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to Arafura (directly or through the Share Registry). Arafura collects, holds and will use that information to assess your Application. Arafura collects your personal information to process and administer your shareholding in Arafura and to provide related services to you. Arafura may disclose your personal information for purposes related to your shareholding in Arafura, including to the Share Registry, Arafura's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that Arafura holds about you. To make a request for access to your personal information held by (or on behalf of) Arafura, please contact Arafura through the Share Registry.

Governing law

This Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of the Applications are governed by the law of Western Australia, Australia.

No representations

No person is authorised to give any information or to make any representation in connection with the Entitlement Offer which is not contained in this Offer Booklet. Any information or representation in connection with the Entitlement Offer not contained in this Offer Booklet may not be relied upon as having been authorised by Arafura or any of its officers.

Past performance

Investors should note that Arafura's past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) Arafura's future performance including Arafura's future financial position or share price performance.

Future performance

This Offer Booklet contains certain forward-looking statements with respect to the financial condition, results of operations, projects and business of Arafura and certain plans and objectives of the management of Arafura. These statements relate to expectations, beliefs, intentions or strategies regarding the future.

Forward looking statements may be identified by the use of words like 'anticipate', 'believe', 'aim', 'estimate', 'expect', 'intend', 'may', 'plan', 'project', 'will', 'should', 'seek' and similar expressions. These forward-looking statements reflect views and assumptions with respect to future events as of the date of this Offer Booklet. However, they are not guarantees of future performance. They involve known and unknown risks, uncertainties and other factors which are subject to change without notice, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Neither Arafura, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. In particular, such forward-looking statements are subject to significant uncertainties and contingencies, many of which are outside the control of Arafura. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Applicants should consider the forward looking statements contained in this Offer Booklet in light of those disclosures. Except as required by law or regulation (including ASX Listing Rules), Arafura undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

Risks

Refer to the Appendices section of the Investor Presentation included in Section 5 of this Offer Booklet for a summary of general and specific risk factors that may affect Arafura.

Trading New Shares

Arafura will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by Arafura or the Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt, as to these matters you should first consult with your stockbroker, solicitor, accountant or other professional adviser.

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1 Key dates for the Entitlement Offer

Event	Date
Announcement of the Entitlement Offer	20 June 2019
Shares commence trading on ASX on an “ex-entitlement” basis	24 June 2019
Record Date for the Entitlement Offer	7.00pm (AEST) 25 June 2019
Entitlement Offer opens	28 June 2019
Offer Booklet despatched	28 June 2019
Entitlement Offer closes (Closing Date)	5.00 pm (AEST) 12 July 2019
Issue of New Shares under the Entitlement Offer	19 July 2019
New Shares issued under the Entitlement Offer commence trading on ASX on a normal basis	22 July 2019

This timetable is indicative only and subject to change without notice.

The commencement of quotation of New Shares is subject to confirmation from ASX.

Subject to the requirements of the Corporations Act, ASX Listing Rules and any other applicable laws, Arafura reserves the right to amend this timetable at any time, including extending the Entitlement Offer Period or accepting late applications, either generally or in particular cases, and to withdraw the Entitlement Offer, without notice. Any extension of the Closing Date will have a consequential effect on the issue date of New Shares.

Arafura also reserves the right not to proceed with the Entitlement Offer in whole or in part at any time prior to the issue of the New Shares. In that event, the relevant Application Monies will be returned in full to Applicants (without interest).

Enquiries

If you have any questions please contact your professional adviser or the Arafura Shareholder Information Line on 1300 730 659 (within Australia) or +61 1300 730 659 (outside Australia) from 8.30am to 5.30pm (AEST) Monday to Friday (excluding public holidays) during the Entitlement Offer Period. Alternatively, you can access information about the Entitlement Offer online at www.arultd.com or www.asx.com.au.

2 Letter from the Chairman

28 June 2019

Dear Shareholder,

As announced on 20 June 2019, Arafura Resources Limited (**Arafura**) is carrying out 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**). (**Entitlement Offer**).

Arafura intends to raise approximately \$23.2 million (before costs) through the Entitlement Offer.

On behalf of the Directors of Arafura I invite you to participate in the Entitlement Offer.

Details of the Entitlement Offer

The Entitlement Offer is fully underwritten by Patersons Securities Limited on the terms described in Section 6.5. Talaxis Limited (a wholly-owned subsidiary of Noble Group Holdings Limited) (**Talaxis**) has also agreed to sub-underwrite \$7.2 million of the Entitlement Offer. Further information about Talaxis is set out in Section 6.6.

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 the Investor Presentation for a breakdown of the amount intended to be allocated to each of the above items.

The \$0.085 Offer Price for the Entitlement Offer represents:

- (a) approximately a 32.00% discount to the closing price of Arafura shares on 17 June 2019 (the last trading day before the Entitlement Offer was announced); and
- (b) approximately a 25.36% discount to the 10 day VWAMP of Arafura shares before announcement of the Entitlement Offer.

Any shortfall from the Entitlement Offer will be met by the Underwriter and its sub-underwriters (subject to the terms and conditions of the underwriting arrangements as described in Section 6.5).

The Entitlement Offer is non-renounceable and therefore your Entitlements will not be tradeable on ASX or otherwise transferable.

Other information

This Offer Booklet contains important information, including:

- ASX announcements relating to the Entitlement Offer, including the ASX Announcement and the Investor Presentation, which provides information on Arafura, the Entitlement Offer and key risks for you to consider;
- instructions on how to participate in the Entitlement Offer if you choose to do so, and a timetable of key dates;
- information regarding the personalised Entitlement and Acceptance Form that will accompany this Offer Booklet when it is despatched to Eligible Shareholders (and which will detail your Entitlement) to be completed in accordance with the instructions in this Offer Booklet and your personalised Entitlement and Acceptance Form; and
- instructions on how to take up all or part of your Entitlement via BPay® or by cheque.

The Entitlement Offer closes at 5.00pm (AEST) on 12 July 2019

You should read this Offer Booklet carefully in its entirety before making your investment decision. In particular, you should read and consider the risks in the Appendices of the Investor Presentation included in Section 5 of this Offer Booklet, which summarise some of the key risks associated with an investment in Arafura. If you are uncertain about taking up your Entitlement you should consult your stockbroker, solicitor, accountant or other professional adviser to evaluate whether or not to participate in the Entitlement Offer.

If you do not wish to take up any of your Entitlement, you do not have to take any action.

If you decide to take this opportunity to increase your investment in Arafura please ensure that, before 5.00pm (AEST) on 12 July 2019, you have paid your Application Monies, preferably via BPay® pursuant to the instructions that are set out in the personalised Entitlement and Acceptance Form that will accompany this Offer Booklet when it is despatched to you, or otherwise that your completed Entitlement and Acceptance Form and your Application Monies are received in cleared funds by the Share Registry.

For further information on the Entitlement Offer you can call the Arafura Shareholder Information Line on 1300 730 659 (within Australia) or +61 1300 730 659 (outside Australia) from 8.30am to 5.30pm (AEST) Monday to Friday (excluding public holidays during the Entitlement Offer Period).

On behalf of the board of Arafura, I invite you to consider this investment opportunity carefully.

Thank you for your ongoing support of Arafura.

Yours sincerely



Mark Southey
Chairman
Arafura Resources Limited

3 Summary of options available to you

If you are an Eligible Shareholder, you may take one of the following actions:

- take up all of your Entitlement;
- take up part of your Entitlement and allow the balance to lapse, in which case you will receive no value for those lapsed Entitlements; or
- do nothing, in which case your Entitlement will lapse and you will receive no value for those lapsed Entitlements.

If you are not an Eligible Shareholder, you are an **"Ineligible Shareholder"**. Ineligible Shareholders are not entitled to participate in the Entitlement Offer.

Options available to you	Key considerations
Take up all of your Entitlement	You may elect to purchase New Shares at the Offer Price (see Section 4 for instructions on how to take up your Entitlement).
Take up part of your Entitlement (Refer to Sections 4.6 and 4.8)	<p>If you only take up part of your Entitlement, the part not taken up will lapse.</p> <p>If you do not take up your Entitlement in full you will not receive any payment or value for those Entitlements not taken up.</p> <p>If you do not take up your Entitlement in full, you will have your percentage holding in Arafura reduced as a result of dilution by the shares issued under the Entitlement Offer.</p>
Do nothing, in which case your Entitlement will lapse and you will receive no value for those lapsed Entitlements (Refer to Sections 4.7 and 4.8)	If you do not take up your Entitlement, you will not be allocated New Shares and your Entitlements will lapse and you will have your percentage holding in Arafura reduced as a result of dilution by the shares issued under the Entitlement Offer. Your Entitlements to participate in the Entitlement Offer are non-renounceable, which means they are non-transferrable and cannot be sold, traded on ASX or any other exchange, nor can they be privately transferred.

4 How to apply

4.1 Overview

Arafura proposes to raise approximately \$23.2 million (before costs) under the Entitlement Offer (subject to rounding). Under the Entitlement Offer, Arafura is offering Eligible Shareholders the opportunity to subscribe for 7 New Shares for every 20 Existing Shares held at 7.00pm (AEST) on 25 June 2019, at the Offer Price of \$0.085 per New Share.

The Entitlement Offer is non-renounceable.

The Entitlement Offer is fully underwritten by the Underwriter on the terms and conditions of the Underwriting Agreement (see Section 6.5 for more details). Talaxis has agreed to sub-underwrite \$7.2 million of the Entitlement Offer (see Section 6.6 for more details).

Please refer to the ASX Announcement and the Investor Presentation set out in Section 5 for information on the purpose of the Entitlement Offer, the application of the proceeds of the Entitlement Offer and for information on Arafura's business, performance and strategy and risk factors applicable to Arafura and the Entitlement Offer. You should also consider other publicly available information about Arafura, including information available at www.asx.com.au and www.arultd.com.

4.2 Entitlement Offer

The Entitlement Offer constitutes an offer to Eligible Shareholders, who are invited to apply for 7 New Shares for every 20 Existing Shares held on the Record Date. The Offer Price of \$0.085 per New Share represents a discount of 32.00% to the closing price of the Shares on 17 June 2019, being the last trading day before the Entitlement Offer was announced. The Offer Price also represents a 25.36% discount to the 10 day VWAMP of Arafura shares before announcement of the Entitlement Offer.

The Entitlement Offer is non-renounceable. Accordingly, Entitlements do not trade on ASX, nor can they be sold, transferred or otherwise disposed of.

The Entitlement Offer opens on 28 June 2019. The Offer Booklet will be despatched on 28 June 2019, along with a personalised Entitlement and Acceptance Form, to Eligible Shareholders. The Entitlement Offer is expected to close at 5.00pm (AEST) on 12 July 2019.

The Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84) which allows entitlement offers to be made without a prospectus, provided certain conditions are satisfied.

As a result, this offer is not being made under a prospectus and it is important for Eligible Shareholders to read and understand the information on Arafura and the Entitlement Offer made publicly available by Arafura, prior to taking up all or part of their Entitlement. In particular, please refer to the materials enclosed in Section 5, Arafura's interim and annual reports and other announcements made available at www.asx.com.au (including Arafura's half yearly report and accounts for the financial half-year ended 31 December 2018 released to ASX on 21 February 2019) and all other parts of this Offer Booklet carefully before making any decisions in relation to your Entitlement.

4.3 Your Entitlement

An Entitlement and Acceptance Form setting out your Entitlement (calculated as 7 New Shares for every 20 Existing Shares held on the Record Date with fractional entitlements rounded up to the nearest whole number of New Shares) will accompany this Offer Booklet when it is despatched to Eligible Shareholders. Eligible Shareholders may subscribe for all or part of their Entitlement. If you have more than one registered holding of Shares, you will be

sent an Entitlement and Acceptance Form for each separate registered holding, and you will have separate Entitlements for each separate registered holding.

4.4 Options available to you

The number of New Shares to which Eligible Shareholders are entitled is shown on the Entitlement and Acceptance Form that will accompany this Offer Booklet when it is despatched to you.

Eligible Shareholders may:

- (a) take up their Entitlement in full;
- (b) take up part of their Entitlement, in which case the balance of the Entitlement would lapse (refer to Sections 4.6 and 4.8); or
- (c) allow their Entitlement to lapse (refer to Sections 4.7 and 4.8).

Arafura reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date.

The Closing Date for acceptance of the Entitlement Offer is 5.00pm (AEST) on 12 July 2019 (however, that date may be varied by Arafura, in accordance with ASX Listing Rules and the Underwriting Agreement).

4.5 Taking up all of your Entitlement

If you wish to take up all or part of your Entitlement, payment must be made by following the instructions set out on the personalised Entitlement and Acceptance Form. Payment must be received by no later than 5.00pm (AEST) on 12 July 2019.

Application Monies received by Arafura in excess of the amount in respect of your Entitlement (**Excess Amount**) will be refunded.

Refund amounts, if any, will be paid in Australian dollars by cheque sent by ordinary post to your address as recorded on the share register.

4.6 Taking up part of your Entitlement and allowing the balance to lapse

If you wish to take up part of your Entitlement, payment for the number of New Shares you wish to be allocated must be made by following the instructions set out on the personalised Entitlement and Acceptance Form. If Arafura receives an amount that is less than the Offer Price multiplied by your Entitlement, your payment will be treated as an Application for as many New Shares as your Application Monies will pay for in full and any excess will be refunded to you (without interest). Alternatively your application may not be accepted.

If you do not take up your Entitlement in full, any part of your Entitlement which you do not take up will lapse and you will not receive any New Shares under the Entitlement Offer in respect of that part of your Entitlement.

Any shortfall from the Entitlement Offer will be met by the Underwriter and its sub-underwriters (as allocated in the Underwriter's discretion), subject to the terms and conditions of the underwriting and sub-underwriting arrangements.

4.7 Allowing your full Entitlement to lapse

If you do not wish to accept any of your Entitlement, do not take any further action and your full Entitlement will lapse.

4.8 Consequences of not accepting all or part of your Entitlement

If you do not accept all or part of your Entitlement in accordance with the instructions set out above, those New Shares for which you would have otherwise been entitled under the Entitlement Offer will be acquired by the Underwriter or any sub-underwriters (as allocated in the Underwriter's discretion), subject to the terms and conditions of the underwriting and sub-underwriting arrangements.

The Directors also reserve the right to place any shortfall at their discretion within three months of the Closing Date to the extent that the Underwriting Agreement is terminated. However, the Company will not (based on the substantial shareholder notices lodged with the ASX) place any shortfall to a person to the extent that such issue would cause a person (or any associate of that person) to contravene section 606 of the Corporations Act.

By allowing part or all of your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up your Entitlement in full and you will not receive any value for any part of your Entitlement which lapses. Your interest in Arafura will also be diluted.

4.9 Payment

Payment should be made using BPay® if possible. New Zealand shareholders who do not have an Australian bank account will be able to pay by cheque, bank draft or money order (see below at Section 4.11).

Cash payments will not be accepted. Receipts for payment will not be issued.

Arafura will treat you as applying for as many New Shares as your payment will pay for in full up to your Entitlement.

Any Excess Amount received by Arafura will be refunded.

Any refunds in respect of Application Monies will be made as soon as practicable after the close of the Entitlement Offer. No interest will be paid to applicants on any Application Monies received or refunded.

4.10 Payment by BPay®

For payment by BPay®, please follow the instructions on the personalised Entitlement and Acceptance Form. You can only make payment via BPay® if you are the holder of an account with an Australian financial institution that supports BPay® transactions.

If you are paying by BPay®, please make sure you use the specific Biller Code and your unique Customer Reference Number (**CRN**) on the back of your personalised Entitlement and Acceptance Form. If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings only use the CRN specific to that holding. If you inadvertently use the same CRN for more than one of your Entitlements, you will be deemed to have applied only for New Shares on the Entitlement to which the CRN applies.

Please note that by paying by BPay®:

- (a) you do not need to submit your personalised Entitlement and Acceptance Form but are taken to have made the declarations, representations and warranties on that Entitlement and Acceptance Form and in Section 4.12; and
- (b) if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of as many New Shares as your Application Monies will pay for in full.

It is your responsibility to ensure that your BPay® payment is received by the Share Registry by no later than 5.00pm (AEST) on 12 July 2019. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration in the timing of when you make payment.

4.11 If you are unable to pay by BPay®

Arafura encourages payments by BPay® if possible.

To pay by cheque, bank draft or money order you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies, payable to 'Arafura Entitlement Offer' and crossed 'Not Negotiable'.

It is your responsibility to ensure that your payment by cheque is received by the Share Registry by no later than 5.00pm (AEST) on 12 July 2019. You must ensure cleared funds are held in your account as your cheque will be banked as soon as practicable after it is received. Please note that you should consider postal and cheque clearance timeframes in meeting this deadline.

Your cheque, bank draft or money order must be:

- (a) for an amount equal to \$0.085 multiplied by the number of New Shares that you are applying for; and
- (b) in Australian dollars drawn on an Australian branch of a financial institution. Payment cannot be made in New Zealand dollars. New Zealand resident shareholders must arrange for payment to be made in Australian dollars.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies as your cheque will be processed as soon as it is received. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower whole number of New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your personalised Entitlement and Acceptance Form). Alternatively, your application may not be accepted.

If you make payment via cheque, you should mail your completed personalised Entitlement and Acceptance Form together with the cheque to:

Mailing Address

Arafura Resources Limited
C/-Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Hand Delivery

Arafura Resources limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

(Please do not use this address for mailing purposes)

Personalised Entitlement and Acceptance Forms and Application Monies will not be accepted at Arafura's registered or corporate offices or other offices of the Share Registry.

4.12 Entitlement and Acceptance form is binding

A payment made through BPay® or a completed and lodged Entitlement and Acceptance Form together with the payment of requisite Application Monies constitutes a binding offer to

acquire New Shares on the terms and conditions set out in this Offer Booklet and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. Arafura's decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By making a payment by BPay® or by completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you have read and understand this Offer Booklet and your personalised Entitlement and Acceptance Form in their entirety;
- (b) you agree to be bound by the terms of the Entitlement Offer, the provisions of this Offer Booklet, and Arafura's constitution;
- (c) you authorise Arafura to register you as the holder(s) of New Shares allotted to you;
- (d) you declare that all details and statements in the personalised Entitlement and Acceptance Form are complete and accurate;
- (e) you declare you are over 18 years of age (if you are a natural person) and have full legal capacity and power to perform all of your rights and obligations under the personalised Entitlement and Acceptance Form;
- (f) once Arafura receives your personalised Entitlement and Acceptance Form or any payment of Application Monies via BPay®, you may not withdraw your application or funds provided except as allowed by law;
- (g) you agree to apply for and be issued up to the number of New Shares specified in the personalised Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPay®, at the Offer Price per New Share;
- (h) you authorise Arafura, the Underwriter, the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your personalised Entitlement and Acceptance Form;
- (i) you acknowledge and agree that:
 - (i) determination of eligibility of investors for the purposes of the Entitlement Offer was determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Arafura and the Underwriter; and
 - (ii) each of Arafura and the Underwriter and each of their respective affiliates, disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law;
- (j) you declare that you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- (k) the information contained in this Offer Booklet and your personalised Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;

- (l) this Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in Arafura and is given in the context of Arafura's past and ongoing continuous disclosure announcements to ASX;
- (m) you have read and understand the statement of risks in the Appendices section of the Investor Presentation included in Section 5 of this Offer Booklet, and that investments in Arafura are subject to risk;
- (n) none of Arafura, the Underwriter, nor any of their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, warrants or guarantees the future performance of Arafura, nor do they guarantee any return on any investment made pursuant to the Entitlement Offer;
- (o) you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Shares on the Record Date;
- (p) you authorise Arafura to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- (q) you represent and warrant (for the benefit of Arafura, the Underwriter and their respective related bodies corporate and affiliates) that you are not an Ineligible Shareholder and are otherwise eligible to participate in the Entitlement Offer;
- (r) you represent and warrant that the law of any place does not prohibit you from being given this Offer Booklet and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and that you are otherwise eligible to participate in the Entitlement Offer;
- (s) you represent and warrant (for the benefit of Arafura, the Underwriter and their respective related bodies corporate and affiliates) that you are an Eligible Shareholder and 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 are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Entitlement Offer;
- (t) you acknowledge that the Entitlements and the New Shares have not been, and will not be, registered under the U.S. Securities Act under the laws of any state or other jurisdiction of the United States and that, accordingly, the Entitlements may not be taken up or exercised by a person in the United States, and the New Shares may not be offered or sold, directly or indirectly, in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws;
- (u) you acknowledge that you are subscribing for the Entitlements and the New Shares in an 'offshore transaction' (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act;
- (v) you, and any person on whose account you are acting, have not and will not send any materials relating to the Entitlement Offer to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States;
- (w) you agree that if in the future you decide to sell or otherwise transfer the New Shares, you will only do so in standard (regular way) brokered transactions on the ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or is acting on behalf of a person in the United States;

- (x) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand and is not in the United States and is not acting for the account or benefit of a person in the United States and you have not sent this Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Entitlement Offer to any such person in the United States; and
- (y) you make all other representations and warranties set out in this Offer Booklet.

4.13 Brokerage and stamp duty

No brokerage fee is payable by Eligible Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for New Shares under the Entitlement Offer.

4.14 Director participation

Those of the Directors who own or control Existing Shares and who are eligible to participate in the Entitlement Offer currently intend to take up all of their Entitlement in full.

Directors are not permitted to subscribe for any shortfall except with shareholder approval under ASX Listing Rule 10.11.

4.15 Foreign Jurisdictions

This Offer Booklet has been prepared to comply with the requirements of the securities laws of Australia.

This Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Entitlement Offer or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia. Return of the personalised Entitlement & Acceptance Form will be taken by Arafura to constitute a representation by you that there has been no breach of any such laws. Eligible Shareholders who are nominees or custodians should see Section 4.16.

The distribution of this document (including in electronic format) outside Australia and New Zealand may be restricted by law. If you come into possession of this Offer Booklet, you should observe such restrictions. In particular, this document or any copy of it must not be distributed in the United States. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of Arafura with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This Offer Booklet has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Offer Booklet is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

4.16 Notice to Nominees and Custodians

The Entitlement Offer is being made to all Eligible Shareholders. Nominees with registered addresses in the eligible jurisdictions may be able to participate in the Entitlement Offer in respect of some or all of the beneficiaries on whose behalf they hold existing Shares, provided that the applicable beneficiary would satisfy the criteria for an Eligible Shareholder.

Nominees and custodians should note that the Entitlement Offer is not available to:

- (a) beneficiaries on whose behalf they hold existing Shares who would not satisfy the criteria for an Eligible Shareholder; or
- (b) shareholders who are not eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

In particular, persons acting as nominees for other persons may not take up Entitlements on behalf of, or send any documents relating to the Entitlement Offer to, any person in the United States or other jurisdiction outside Australia or New Zealand.

Arafura is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares.

4.17 Withdrawal of the Entitlement Offer

Subject to applicable law, Arafura reserves the right to withdraw the Entitlement Offer at any time before the issue of New Shares, in which case Arafura will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to Applicants.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to Arafura will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to Arafura.

4.18 Taxation implications

The directors do not consider it appropriate to give advice regarding the taxation consequences of subscribing for New Shares under this Entitlement Offer. The Company, its officers and its advisers do not accept any responsibility or liability for any such taxation consequences to Shareholders. Eligible Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Entitlement Offer.

4.19 Risks

Eligible Shareholders should be aware that an investment in Arafura involves risks. The key risks identified by Arafura are set out in the Appendices section of the Investor Presentation in Section 5.

4.20 Further enquiries

If you have not received or you have lost your personalised Entitlement and Acceptance Form, or have any questions regarding the Entitlement Offer, please contact the Arafura Shareholder Information Line on 1300 730 659 (within Australia) or +61 1300 730 659 (outside Australia) from 8.30am to 5.30pm (AEST) Monday to Friday (excluding public holidays) during the Entitlement Offer Period. If you have any further questions, you should contact your stockbroker, solicitor, accountant or other professional adviser.

5 ASX Announcement and Investor Presentation

See following pages

ASX Announcement

Transformational Equity Raising

20 June 2019



Key highlights:

- **Fully underwritten non-renounceable entitlement offer to raise \$23.2m**
- **New funding will be used to accelerate development of the Nolans Project as Arafura aims to become Australia's next fully integrated neodymium-praseodymium producer**
- **Welcoming of Talaxis Limited, a specialist rare earths project developer, as a strategic sub-underwriter which has agreed to sub-underwrite \$7.2 million of the entitlement offer**
- **Appointment of Patersons Securities Limited as Lead Manager and Underwriter**
- **Potential for Talaxis and Arafura to work together on strategic funding alternatives and product supply chain solutions**

Arafura Resources Limited (ASX: ARU) (**Arafura, the Company**) is pleased to announce a fully underwritten 7 for 20 non-renounceable entitlement offer (**Entitlement Offer**) at \$0.085 per share (**Offer Price**) to raise \$23.2 million (before costs) through the issue of 273,491,090 new Arafura shares (subject to rounding) (**New Shares**).

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 today 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 record date under the Entitlement Offer is 7.00pm (AEST) on 25 June 2019 (**Record Date**). Entitlements are non-renounceable and accordingly cannot be traded on the ASX.

The Offer Price of \$0.085 per New Share under the Entitlement Offer represents a discount of 32.00% to \$0.125, being the last closing price of Arafura shares before announcement of the Entitlement Offer. The Offer Price also represents a discount of 25.36% to the 10 day VWAMP of Arafura shares before announcement of the Entitlement Offer.

The New Shares to be issued will rank equally with existing Arafura shares on issue at the time of issue.



Transformational Equity Raising

Entitlement Offer

Eligible shareholders with a registered address in Australia or New Zealand as at the Record Date (**Eligible Shareholders**), have the opportunity to take up their entitlement of New Shares at the Offer Price, on the terms and conditions outlined in the Offer Booklet in relation to the Entitlement Offer (**Offer Booklet**) to be sent to Eligible Shareholders on or around 28 June 2019. The Entitlement Offer is anticipated to close on 12 July 2019.

Eligible Shareholders can choose to take up all, part, or none of their entitlements.

The Entitlement Offer is fully underwritten by Patersons Securities Limited pursuant to the terms of an underwriting agreement which contains customary conditions and termination events. Talaxis Limited (**Talaxis**) has agreed to sub-underwrite \$7.2 million of the Entitlement Offer.

Talaxis was established in 2016 and is a wholly-owned subsidiary of Noble Group Holdings Limited (Noble Group). Noble Group is Asia's leading independent energy products and industrial raw materials supply chain manager. Noble Group trades energy raw materials, special ores and industrial minerals, base metals, aluminium and technology metals, supported by its freight and logistics operations. Talaxis invests and participates in the development of projects in the technology metals sector, with a special focus on rare earths. Talaxis leverages Noble Group resources through access to logistics and supply chain management and can also assist with the design and structure of financing solutions.

Talaxis, through its potential investment in Arafura (through its sub-underwriting of the Entitlement Offer), is looking to align itself with existing shareholders to minimise dilution and preserve shareholder value. Talaxis also seeks to play a significant part in bringing the Nolans Project production to various destination markets throughout the world. Talaxis' marketing services are client-oriented "white-label" solutions that will enable Arafura to maintain its brand name and also to optimise its product distribution. Through developing and bringing the Nolans Project into production, Arafura believes that it has the potential to redesign the NdPr market dynamics. Arafura will work over the coming months to refine the basis in which it will seek to partner with Talaxis for the provision of product, project and capital related services for the Nolans Project.

Further details regarding the underwriting arrangements will be set out in the Offer Booklet to be sent to Eligible Shareholders on or around 28 June 2019.

New Shares under the Entitlement Offer are expected to be issued on 19 July 2019. Arafura will, upon issue of the New Shares under the Entitlement Offer, seek quotation of the New Shares on ASX.

Please note that shareholders with a registered address outside Australia or New Zealand on the Record Date are ineligible to participate in the Entitlement Offer.

Management Comment

Arafura Managing Director Gavin Lockyer said: *"This is a milestone equity raising for the company and we encourage all shareholders to participate. We are particularly excited about the potential to team up with Talaxis, a company that possesses certain skills and expertise that will be invaluable in moving Arafura's 100%-owned Nolans Project into development. Nolans continues to stand out as one of the best and most advanced NdPr projects in a tier one jurisdiction at a time when security of NdPr supply is emerging as a major issue around the world."*

Mark Southey, Chairman of Arafura said: *"For Arafura and its shareholders, this equity raising represents a timely and significant underpinning of the Nolans project at a time when NdPr is rightfully gaining attention as one of the critical future strategic materials. We also value the opportunity to benefit from Talaxis expertise to support Arafura in this endeavour and as such I would encourage all shareholders to participate."*

Daniel Mamadou, Executive Director of Talaxis said: *"A deficit in the supply of neodymium is looming and only a few projects are truly in a position to bring on meaningful production in time. As a solutions provider to the technology metals sector, Talaxis seeks to enable the flow of critical materials. Our partnerships are based on a careful selection process and we are very pleased to collaborate with Arafura on this exciting journey."*

Transformational Equity Raising

Paul Brough, Chairman of Noble Group Holdings Limited said: *“Secular trends are reshaping global energy markets and Noble Group is well positioned to take advantage of opportunities that arise from the transition in world energy. We recognise the growing importance of technology metals to the global renewable energy sector, as well as to broader technological industries. Noble Group sees this as a core, strategic business growth area and we are excited to be involved in this important project that will ensure the global supply of these vital materials. Our dedicated technology metals platform gives us an edge as a service provider to the electric vehicle industry, the energy storage and the renewables sectors, across the entire supply chain.”*

Key dates

Event	Date
Announcement of the Entitlement Offer	20 June 2019
Shares recommence trading on ASX on an “ex-entitlement” basis	24 June 2019
Record Date for the Entitlement Offer	7.00pm (AEST) 25 June 2019
Entitlement Offer opens	28 June 2019
Offer Booklet despatched	28 June 2019
Entitlement Offer closes (Closing Date)	5.00 pm (AEST) 12 July 2019
Issue of New Shares under the Entitlement Offer	19 July 2019
New Shares issued under the Entitlement Offer commence trading on ASX on a normal basis	22 July 2019

All dates and times referred to are based on Australian Eastern Standard Time and are subject to change. Arafura reserves the right to vary these dates or to withdraw the Entitlement Offer at any time.

In accordance with the instructions in the Offer Booklet and on the Entitlement and Acceptance Form (to be sent to Eligible Shareholders by post), Eligible Shareholders may complete the Entitlement and Acceptance Form and return it to Arafura’s share registry together with a cheque, bank draft or money order. Payments can also be made by BPAY® utilising the Biller Code and reference number that will be provided on the Entitlement and Acceptance Form by 5:00pm (AEST) on 12 July 2019. Alternatively, payment by cheque, bank draft or money order must be received by 5:00pm (AEST) on 12 July 2019.

Online Process

Alternatively, Eligible Shareholders may participate in the Entitlement Offer by submitting an online acceptance and making a BPAY® payment by 5:00pm (AEST) on 12 July 2019. The process will be available from 28 June 2019. To utilise the online process, follow the steps outlined below:

1. Visit Arafura’s website at www.arultd.com.
2. Click on the “Entitlement Offer – Apply here” button.
3. You will first need to complete the Country Validation to confirm your eligibility.
4. To accept online, you will be required to enter your Security Reference Number (SRN) or Holder Identification Number (HIN), shareholding Surname or Company name and your registered postcode.
5. Note, you will need to put an X or I before your HIN/SRN to log in.
A HIN, being Broker sponsored, commences with an “X”. If you have an account number from a CHESSE statement, you will need to add an “X” to the front of the account number to log in.
A SRN, being Issuer sponsored commences with an “I”. You will need to enter the “I” followed by the 11 digit number to log in. (Note: if your SRN has less than 11 digits, add enough zeros to the front to ensure it has 11 digits).
6. Submit your acceptance by following the instructions outlined in the online form.

Transformational Equity Raising

7. Make your BPAY® payment so it is received by 5.00 pm (AEST) on 12 July 2019. If you have successfully completed the online form the system will generate a unique BPAY reference number.

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) during the offer period.

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.

Further Information

Patersons Securities Limited has been appointed as Lead Manager and Underwriter to the Entitlement Offer.

Johnson Winter & Slattery is acting as legal adviser to Arafura.

Amvest Capital Inc (acting through Mann Mann Jensen Partners LP) also assisted the Company.

Further details about the Entitlement Offer are contained in a separate investor presentation that was announced to ASX today.

Summary Information

The following disclaimer applies to this announcement and any information contained in it. The information in this announcement is of general background and does not purport to be complete. It should be read in conjunction with Arafura's other periodic and continuous disclosure announcements lodged with ASX Limited, which are available at www.asx.com.au. You are advised to read this disclaimer carefully before reading or making any other use of this announcement or any information contained in this announcement. In accepting this announcement, you agree to be bound by the following terms and conditions including any modifications to them.

Forward Looking Statements

This announcement includes forward-looking statements. These statements relate to Arafura's expectations, beliefs, intentions or strategies regarding the future. These statements can be identified by the use of words like "will", "progress", "anticipate", "intend", "expect", "may", "seek", "towards", "enable" and similar words or expressions containing same.

The forward-looking statements reflect the Arafura's views and assumptions with respect to future events as of the date of this announcement and are subject to a variety of unpredictable risks, uncertainties, and other unknowns. Actual and future results and trends could differ materially from those set forth in such statements due to various factors, many of which are beyond our ability to control or predict. Given these uncertainties, no one should place undue reliance on any forward looking statements attributable to Arafura, or any of its affiliates or persons acting on its behalf. Arafura does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Neither Arafura nor any other person, gives any representation, warranty, assurance, nor will guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. To the maximum extent permitted by law, Arafura and each of its advisors, affiliates, related bodies corporate, directors, officers, partners, employees and agents disclaim any responsibility for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise.

Not for release to US wire services or distribution in the United States

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement 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 announcement 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 of 1933 and applicable US state securities laws.

Transformational Equity Raising

ENDS



Arafura Resources Limited

(ASX:ARU)

Transformational Equity Capital Raising Presentation

Not for release to US wire services or distribution in the United States of America

June 2019

Investor Presentation



Important Notice – Disclaimer

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This presentation has been prepared by Arafura Resources Limited (**Arafura, Arafura Resources** or the **Company**) in relation to an offer of new fully paid ordinary shares in Arafura Resources (**New Shares**) under a fully underwritten non-renounceable entitlement offer to be made under section 708AA of the *Corporations Act 2001* (Cth) as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84.

This presentation is of a summary form only and therefore contains general background information which may not be complete. It should be read in conjunction with and full review made of Arafura Resources' disclosures and releases lodged with the Australian Securities Exchange (**ASX**) and available at www.asx.com.au.

This presentation contains certain statements which may constitute "forward-looking statements." Such statements are only expectations or beliefs and are subject to inherent risks and uncertainties which could cause actual values, results or performance achievements to differ materially from those expressed or implied in this presentation. No representation or warranty, express or implied is made by Arafura Resources that any forward-looking statement contained in this presentation will occur, be achieved or prove to be correct. You are cautioned against relying upon any forward-looking statement. Except for statutory liability which cannot be excluded, each of Arafura Resources and its related body corporates and their officers, employees and advisers expressly disclaims any responsibility for the accuracy or completeness of the material contained in this presentation and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in this presentation or any error in it or omission from it. Arafura Resources accepts no responsibility to update any person regarding any inaccuracy, omission or change in information in this presentation or any other information made available to a person, nor any obligation to furnish the person with any further information.

This presentation does not constitute an offer of any securities in Arafura Resources, in any jurisdiction, nor an invitation to apply for such securities, in any jurisdiction, and will not form part of any contract for the acquisition of New Shares. This presentation does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this presentation have not been, and will not be, registered under the US Securities Act of 1933, as amended ("Securities Act") or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the Securities Act and applicable US state securities laws. This presentation may not be released to US wire services or distributed in the United States. The distribution of this presentation in other jurisdictions outside Australia may also be restricted by law and any such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. By accepting this presentation you represent and warrant that you are entitled to receive such presentation in accordance with applicable laws.

This presentation does not provide investment advice or financial product advice. You should obtain professional advice and carry out your own independent investigations and assessment of the information in this presentation (including any assumptions) before acting. Information in this presentation which is attributed to a third-party source has not been checked or verified by Arafura Resources.

Please refer to Appendix D for compliance statements in relation to Arafura's ore reserves, mineral resources and production targets and forecast financial information derived from a production target.

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Transformational Equity Raising

Investment Proposition

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- Arafura Resources Limited ASX listed company developing its 100% owned Nolans Rare Earths (NdPr) Project located in the Northern Territory, Australia.
- **Rare earths in global spotlight:** Recent speculation that China may restrict supply of rare earth material to the United States has seen a sudden surge in the NdPr price – China accounted for approximately 80% of rare earth imports by the United States between 2014 and 2017.
- **Favourable price outlook:** Independent forecasters such as Roskill are predicting a 10 year price range for NdPr oxide of US\$66 to US\$90/ kg (and as high as \$150/kg) from 2020 to 2030 – such a price puts Arafura’s project in the zone.
- **Australian mine and processing:** Australian Federal Government approvals in place to construct and operate Arafura’s Rare Earth mine and downstream processing facilities within Australia reduce sovereign risk.
- **Strategy to accelerate engineering endeavours:** Strategy to be “shovel ready” coincident with the alignment of forecast NdPr price increases from 2020.
- **Targeted drilling and metallurgical program:** Potential to extend the current mine life of 23 years and potentially reducing Arafura’s already very low estimated OPEX of US\$25.94/kg NdPr – NdPr is currently trading at circa US\$50/kg.

Refer ASX announcement 7 February 2019: Nolans Project Definitive Feasibility Study.



U.S. military firms likely to face China rare earth restrictions: Global Times

COMMODITIES
JUNE 17, 2019 / 11:01 AM / UPDATED 12 MINUTES AGO

BEIJING (Reuters) - Military equipment firms in the United States will likely have their supply of Chinese rare earths restricted, the Global Times said on Monday, after China’s state economic planner confirmed industry experts have proposed export controls.

FINANCIAL REVIEW

NAIF to help Arafura's \$1.1b rare earths project

Angus Grigg and Peter Ker

Jun 7, 2019 — 12:00am

The federal government is looking to help fund a \$1.1 billion rare earths project in northern Australia, as the key component in wind turbines, power tools and fridges becomes the [latest battleground in the US-China trade war](#).

The Sydney Morning Herald

WORLD NORTH AMERICA MINING

US to work with Australia, Canada to cut reliance on Chinese minerals

By Timothy Gardner
June 12, 2019 – 3:17am



Becoming Australia's Next Fully Integrated NdPr Producer

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Arafura's Portfolio of Australian assets

- 100% ownership of Nolans Rare Earth Project
- Mine and all downstream processing facilities to be built in Australia
- Considerable intellectual property developed and validated through large scale pilot program

Key environment approvals in place for Australian downstream processing facilities

- Australian Federal Government approvals in place to construct and operate rare earths extraction facility
- Native Title Agreement and Mining Licence expected CY2020

Offtake and project financing discussions underway

- Key customer target markets identified
- Non-binding offtake agreements for 20% of high value NdPr product
- Offtake discussions underway for balance of NdPr, other rare earths and phosphoric acid

Arafura is pleased to offer eligible shareholders the opportunity to participate in this transformational equity capital raising to accelerate engineering activities to target being “shovel ready” coincident with the alignment of forecast NdPr price increases from 2020.

Transformational Equity Raising

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Funding to Accelerate Engineering Activities

- ▶ Strategy to accelerate engineering activities to be aligned with forecast NdPr price increases from 2020
- ▶ Commencing Front End Engineering and Design (FEED) now to reduce project timeline by an estimated 6 months
- ▶ Estimated cost of A\$15m

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Funding to Extend Mine Life and Reduce OPEX

- ▶ Targeted exploration and metallurgical program aims to potentially increase current mine life of 23 years
- ▶ Opportunity to potentially reduce very low estimated OPEX of US\$25.94/kg NdPr (lowest amongst peers) even further
- ▶ Estimated cost of A\$3m

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New Equity Investment Opportunity

- ▶ Underwritten Non-Renounceable Entitlement Offer to raise circa \$23.2m (before costs)
 - Lead Manager and Underwriter: Patersons Securities Limited
 - Cornerstone sub-underwriter: Talaxis Limited
 - Talaxis has a specific focus on the rare earths sector & wishes to co-operate for provision of product, project and capital related services
 - Funds dedicated to the above activities and working capital



Entitlement Offer Summary

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Non-Renounceable Entitlement Offer

- A seven (7) for twenty (20) Non-renounceable pro-rata Entitlement Offer at 8.5¢ per share to raise approximately \$23.2 million (before costs) through the issue of approximately 273.4 million New Shares (subject to rounding and determination of entitlements).
- The Entitlement Offer is fully underwritten by Patersons Securities Limited with a cornerstone sub-underwriting of \$7.2 million from strategic investor, Talaxis Limited (**Talaxis**), a wholly owned subsidiary of Noble Group Holdings Limited (**Noble**).

The offer price of 8.5¢ per New Share under the Entitlement Offer represents

- A discount to the 5 day VWAP of 32.3% on 17 June 2019 of 12.5¢.
- A discount to the 10 day VWAP of 25.4% on 17 June 2019 of 11.4¢.
- A discount of 32.0% to the closing price on 17 June 2019 of 12.5¢.
- A discount of 25.8% to TERP of 11.5¢.

(Rounded to the nearest decimal place)

Introducing Talaxis

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- Talaxis is a wholly owned subsidiary of Noble.
- Noble is a leading energy products and industrial raw materials supply chain manager, who markets, processes, finances and transports key commodities in high growth markets.
- Talaxis invests and participates in the development of projects in the technology metals sector, with a special focus on rare earths.
- Through Noble, Talaxis has access to logistics and supply chain management and assist with the design and structure of financing solutions.
- Talaxis is looking to align itself with the existing shareholders to minimize dilution and preserve shareholder value.
- Potential for Talaxis to assist in bringing Nolans product to various destination markets throughout the world.
- Talaxis marketing services are client-oriented that will enable Arafura to maintain its brand name and also to optimise its product distribution.
- Talaxis believe that by developing and bringing Nolans into production, Arafura has the potential to redefine NdPr market dynamics.
- Arafura will work over the coming months to refine the basis in which it will seek to partner with Talaxis for the provision of product, project and capital related services for the Nolans Project.

Entitlement Offer Details

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Arafura intends to use funds raised:

- 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.
- For ongoing working capital.

The Entitlement Offer:

- Opens on 28 June 2019 and closes on 12 July 2019.

Eligibility

- Offer only available to shareholders with a registered address in Australia or New Zealand.

Ranking

- New Shares issued will rank equally with existing ordinary shares in all respects from allotment.

Indicative Use of Funds	A\$M
Project Execution activities	15.0
Exploration and Metallurgy Program	3.0
Transaction costs	1.2
Working Capital	4.0
Total	\$23.2m

Effect of Entitlement Offer

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The below assumes the maximum number of New Shares are issued under the Entitlement Offer and no options or performance rights are exercised or other shares are issued.

- Existing shares on issue: 781,403,114
- Existing options on issue: 20,710,000
- Existing performance rights on issue: 10,000,000
- New Shares proposed to be issued under the Entitlement Offer: approximately 273,491,090 representing approximately 35% of current undiluted share capital
- Total shares on issue following the Entitlement Offer: approximately 1,054,894,204
- **New Shares represent approximately 26% of the post transaction share capital**

Indicative Capital Structure	Number of Shares	Options	Performance Rights	Gross Amount Raised (\$)
Existing Shares	781,403,114	20,710,000	10,000,000	-
Entitlement Offer (New Shares)	273,491,090	-	-	\$23.2m
Total	1,054,894,204	20,710,000	10,000,000	\$23.2m

Indicative Entitlement Offer Timetable

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Event	Date
Announcement of Entitlement Offer	20 June 2019
Record Date for the Entitlement Offer	7.00pm (AEST) 25 June 2019
Entitlement Offer Opens	28 June 2019
Entitlement Offer Closes	5:00 pm (AEST) 12 July 2019
New Shares quoted on a “deferred settlement” basis	15 July 2019
Issue date of New Shares	19 July 2019
New Shares issued under the Entitlement Offer commence trading on ASX	22 July 2019

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Company update

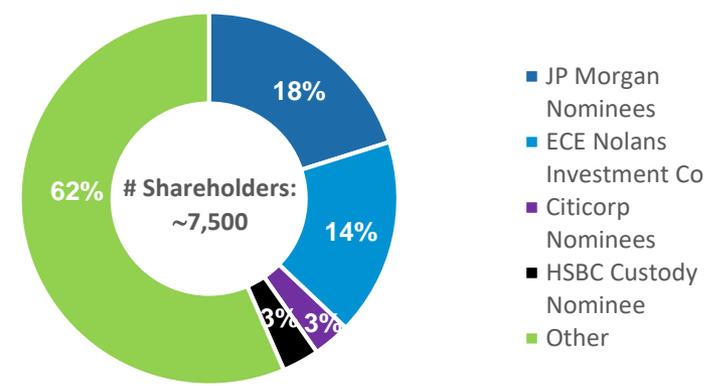


Corporate Snapshot

Capital Structure	
ASX Code	ARU
ASX Share Price (17 June 19)	\$0.125
Shares on Issue	781m
Market Capitalisation	\$97.6m
12 Month Liquidity	\$39.9m
Cash	\$7.9m
Debt	Nil
Enterprise Value	\$89.7m



Board	Position
Mark Southey	Chairman
Gavin Lockyer	MD
Chris Tonkin	NED
Quansheng Zhang	NED

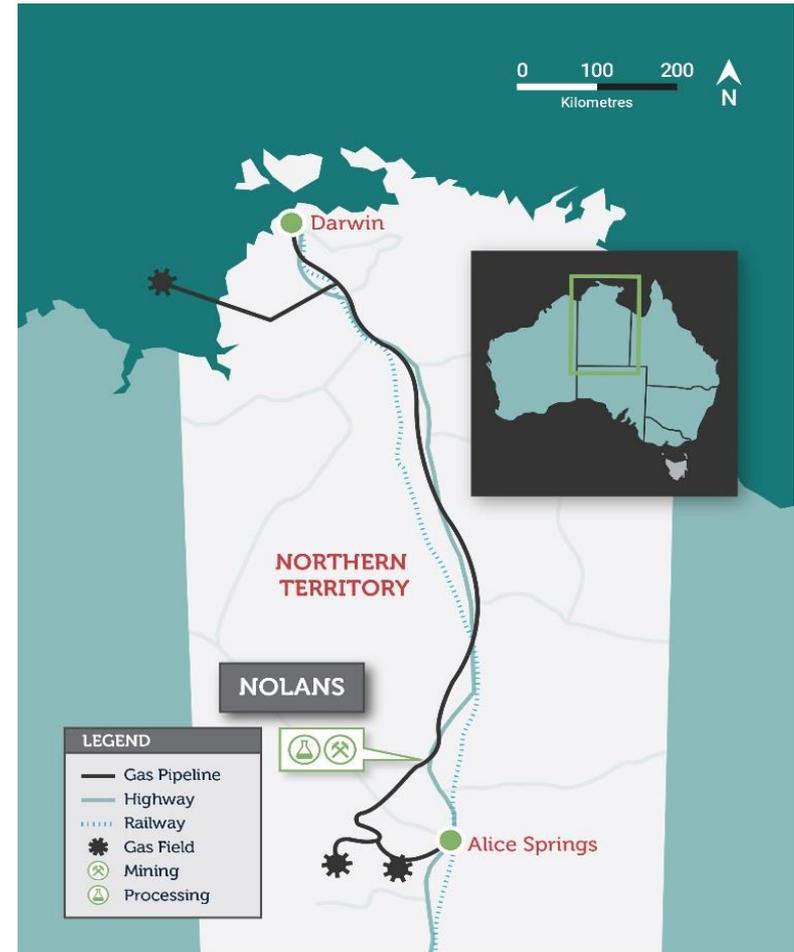


*Cash as at 31 March '19 plus share placement; EV as at 31 March '19.

Nolans DFS Complete

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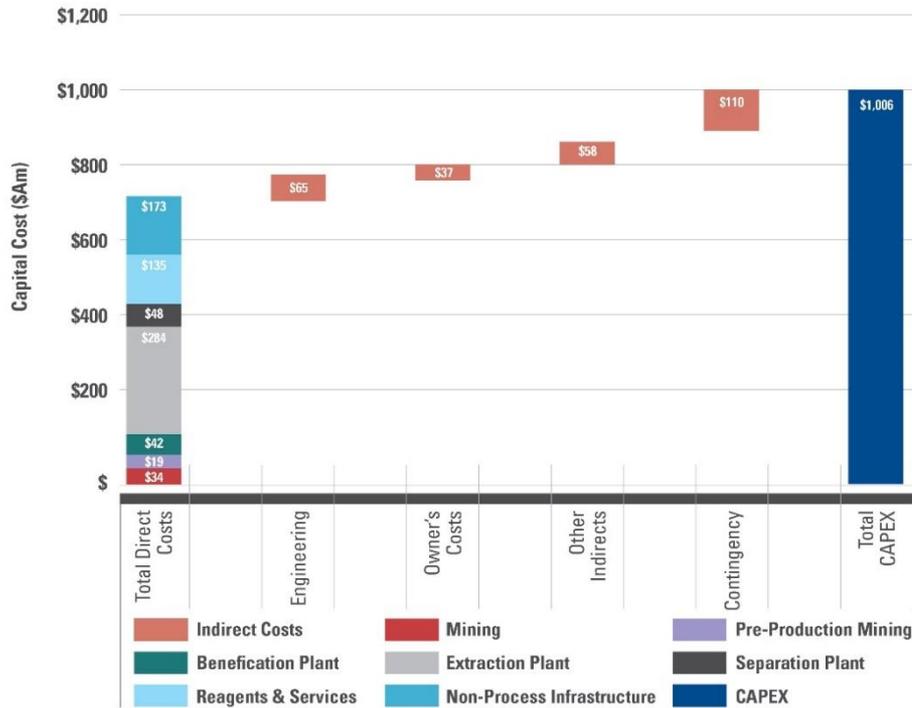
- Confirms Nolans as a world class NdPr project
- Annual NdPr production 4,357 tonnes p.a.
- Ultra-low cost producer at US\$25.94/kg NdPr
- Robust economics with average EBITDA A\$377m p.a., NPV₁₀ A\$729m, IRR 17.43%
- Highly leveraged to NdPr (96% of RE revenue) – US\$5/kg increases NPV by A\$130m
- Long-life asset – 23-year mine life based on Ore Reserves only with potential to extend production
- Globally strategic asset – 100% Australian-domiciled mine and processing operation with environmental approval
- Well positioned to feed into forecast NdPr supply shortfall – targeting project commissioning in 2022



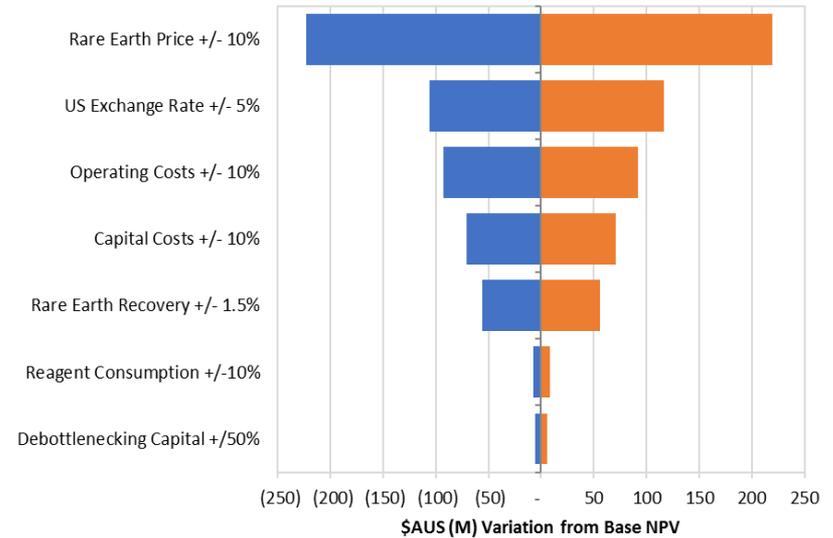
Refer ASX announcement 7 February 2019: Nolans Project Definitive Feasibility Study

Capital Cost Breakdown & NPV Sensitivity

Capital Expenditure Breakdown



Key Sensitivities

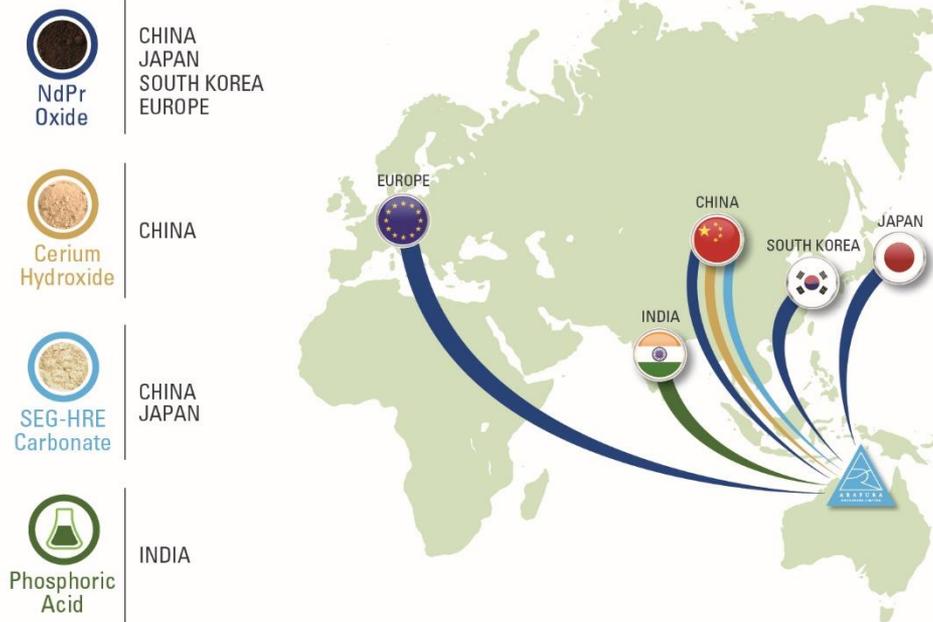


Refer ASX announcement 7 February 2019: Nolans Project Definitive Feasibility Study

Offtake and Project Funding Discussions Underway

Offtake Strategy

FOR EXPORT TO INTERNATIONAL CUSTOMERS



- Offtake agreements to underpin project funding
- Customer engagement targeted at NdPr users not aligned with China 2025 strategy
- Japan – NdFeB magnet manufacturers
- Europe & Korea – automotive OEMs and wind turbine makers
- China – NdFeB magnet manufacturers with significant export markets

Customer / Target Region	Amount (tonnes p.a.)	Offtake Status	Proportion of Revenue
JingCi Material Science Co.	900	MoU	96%
China	3,457	In progress	
Japan			
South Korea			
Europe			
SEG-HRE Carbonate – targeting contracts with rare earth processors			
China	606 (TREO equivalent)	In progress	1%
Japan			
Cerium Hydroxide – targeting contracts with rare earth processors			
Baotou Xinyuan Rare Earth Hi-tech	8,383 (TREO equivalent)	MoU	3%

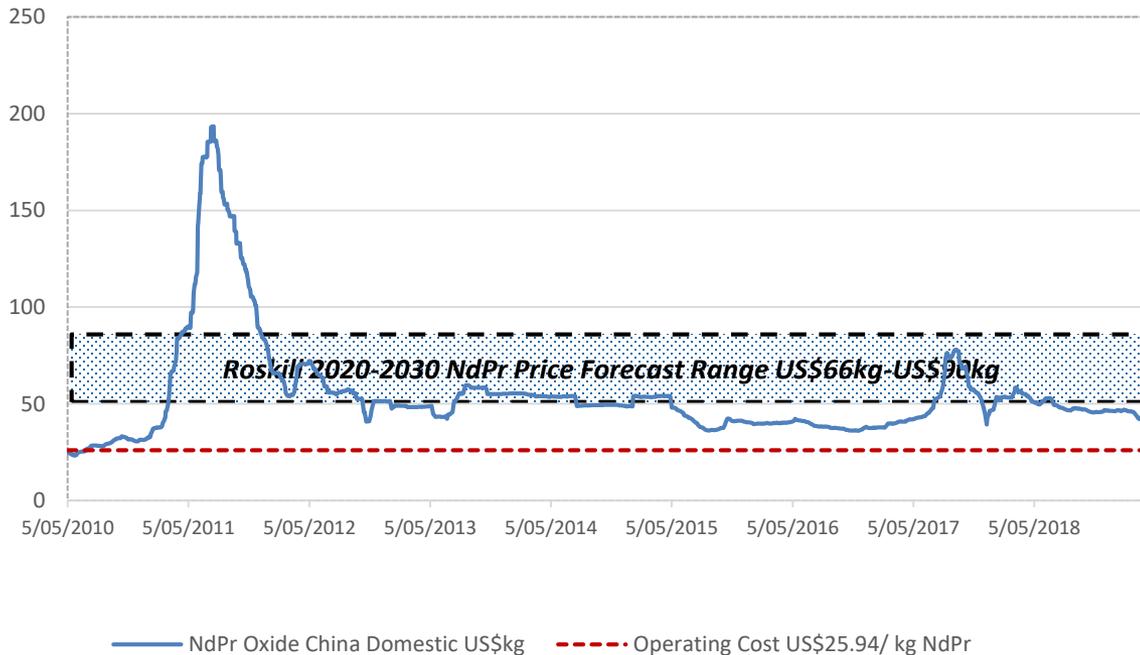
Proportion of revenue for rare earth products only

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NdPr Market Update

NdPr Forecast Puts Arafura in the "Zone"

NdPr Oxide China Domestic US/ kg & Nolans



Source:
 Metal Pages- NdPr Oxide China Domestic RMB\$/ kg
 Federal Reserve- USD: RMB Exchange Rate
 Roskill Consulting (November 2018) Rare Earths Market Analysis

FINANCIAL REVIEW

Chanticleer

— Chanticleer

Lynas proves value of its Malaysian plant



Chanticleer is Australia's pre-eminent business column.

Apr 16, 2019 — 11:42am

CLSA has a 12 month price target for Lynas of \$3.50 a share based on a forecast for NdPr prices of \$US68 a kilogram by 2021.

Rare earth oxide prices will hit between **\$US60kg and \$US150kg after 2020**, according to consultancy Roskill. Kelly says the assumption for longer term NdPr price that appears to be built into the proposed Wesfarmers offer of \$2.25 a share is \$US50 a tonne.

Bloomberg

China Has Rare Earths Plan Ready to Go If Trade War Deepens

Bloomberg News
 May 31, 2019, 10:32 AM GMT+8 Updated on May 31, 2019, 1:39 PM GMT+8

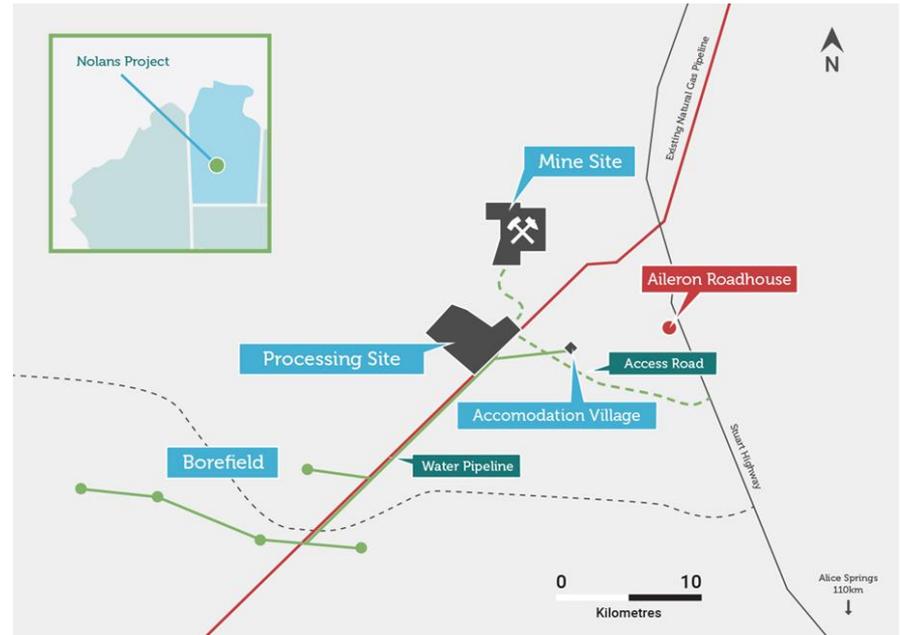
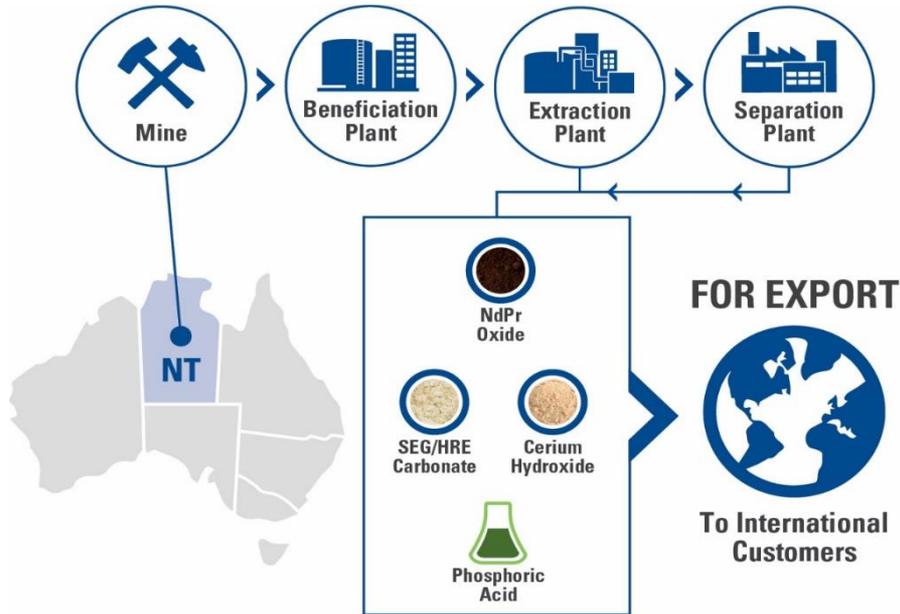
Beijing has readied a plan to restrict exports of rare earths to the U.S. if needed, as both sides in the trade war dig in for a protracted dispute, according to people familiar with the matter.

The government has prepared the steps it will take to use its stranglehold on the critical minerals in a targeted way to hurt the U.S. economy, the people said. The measures would likely focus on heavy rare earths, a sub-group of the materials where the U.S. is particularly reliant on China. The plan can be implemented as soon as the government decides to go ahead, they said, without giving further details.

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Nolans Project

100% Australian Domiciled Project



- Tailings and process residues permanent disposed at site.
- Product traceability and waste management certainty.
- DFS includes fully costed permanent disposal and rehabilitation of waste residues at site.
- One in Three permanent magnets sold are sourced from activities with little respect for the environment (Source: Curtin University)
- Stuart Highway is 10 km east.
- Alice Springs railyard, airport and other services are 135 km south.
- Amadeus natural gas pipeline is adjacent to project site.
- Water supply is 30 km south.

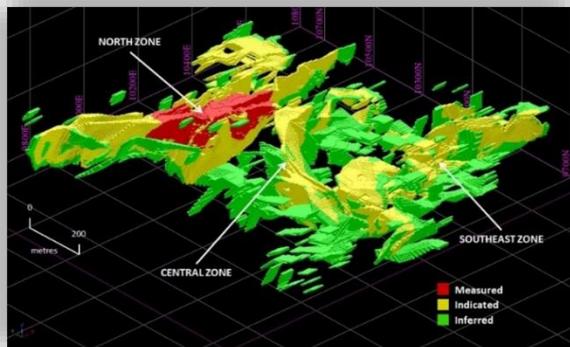
Long Life Asset

RESOURCES	TONNES (m)	RARE EARTHS TREO %	PHOSPHATE P ₂ O ₅ %	NdPr Enrichment %
Measured	4.9	3.2	13	26.1
Indicated	30	2.7	12	26.4
Inferred	21	2.3	10	26.5
TOTAL	56	2.6	11	26.4

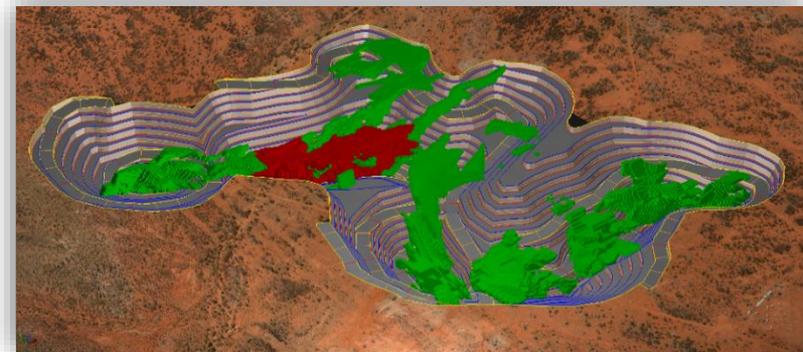
As announced on 7 June 2017. 1.0% TREO cut-off grade. Numbers may not compute exactly due to rounding. "NdPr enrichment" is the proportion of TREO comprising Nd₂O₃ and Pr₆O₁₁.

RESERVES	TONNES (m)	RARE EARTHS TREO %	PHOSPHATE P ₂ O ₅ %	NdPr Enrichment %
Proved	4.3	3.1	13	26.1
Probable	14.9	2.9	13	26.5
TOTAL	19.2	3.0	13	26.4

As announced on 7 February 2019. Numbers may not compute exactly due to rounding. "NdPr enrichment" is the proportion of TREO comprising Nd₂O₃ and Pr₆O₁₁.



Mineral Resources

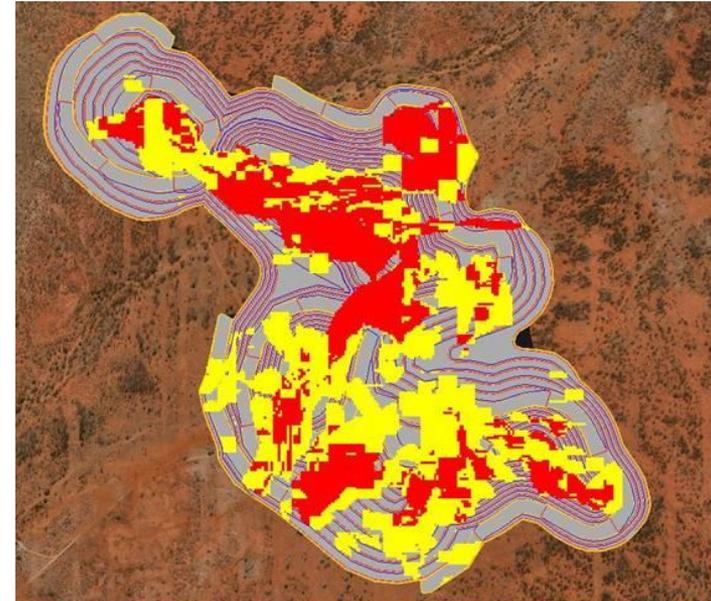


Ore Reserves

Drill & Metallurgical Program

22

- DFS completed in February 2019 included a mine life of 23 years based on reserves only but includes the costs of mining inferred resources within the LOM pit.
- Targeted drill and metallurgical program aims to potentially increase the current mine life beyond 23 years and potentially reduce already very low estimated OPEX.
- Aimed at the potential conversion of Inferred Mineral Resources into Indicated and Measured categories and the potential conversion of Measured and Indicated Resources into Reserves.
- Nolans ore body also remains open at depth.

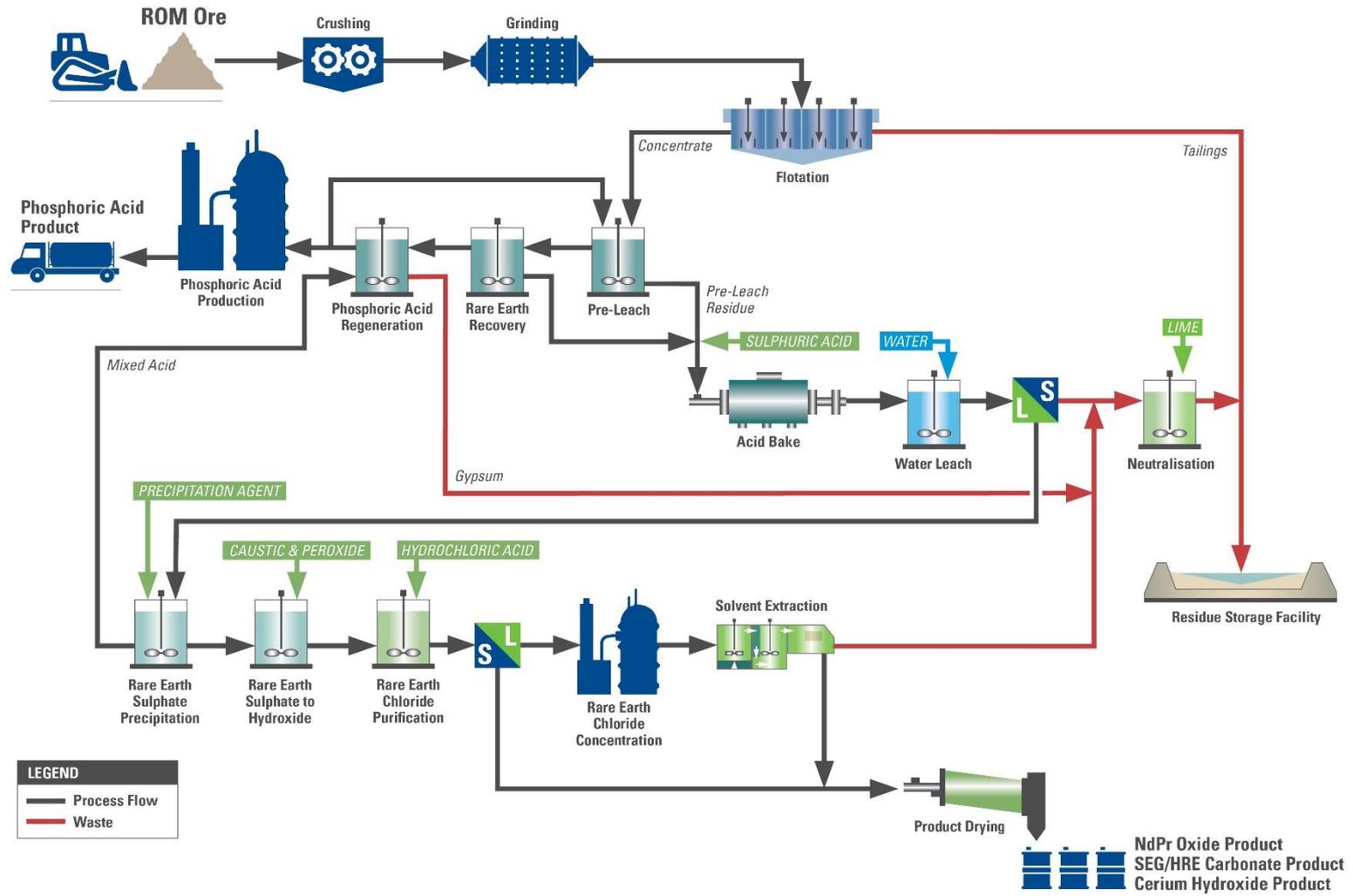


Nolans DFS Pit Design

- Ore Reserves
- Inferred Mineral Resource not converted to Reserve

Refer ASX announcement 7 February 2019: Nolans Project Definitive Feasibility Study

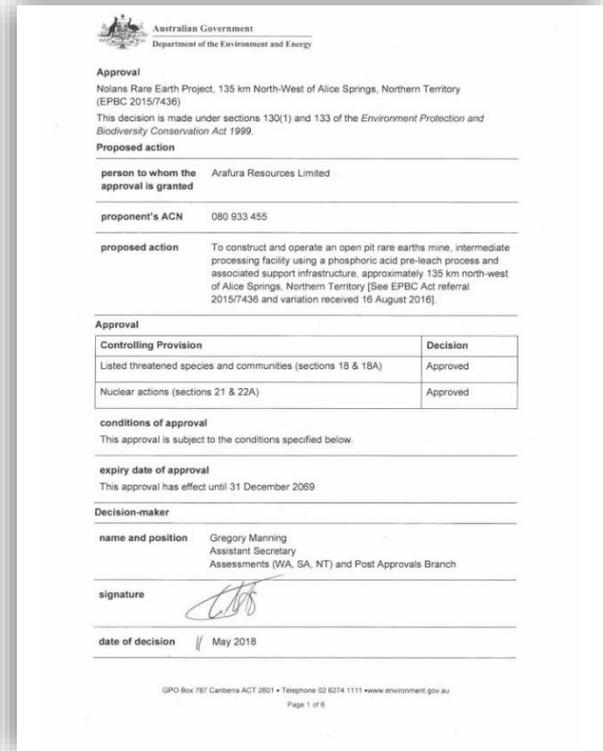
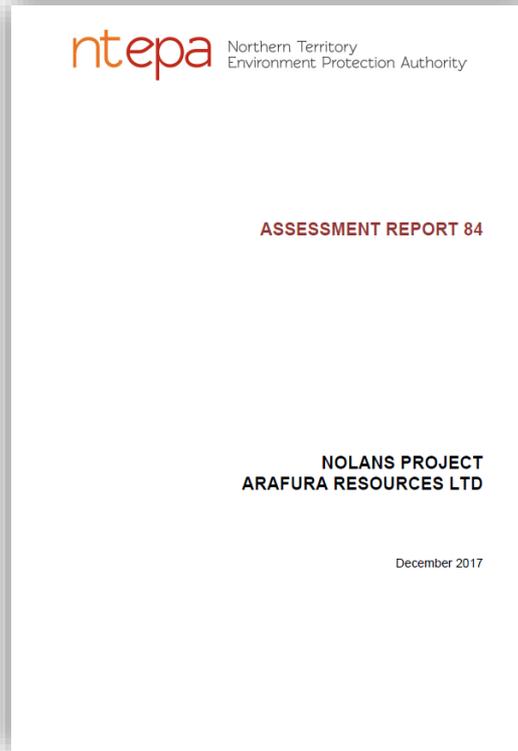
Process Flowsheet Supported by Successful Pilot





Key Government Approvals Secured

24



NT Environment Protection Authority (EPA) Recommends Environmental Approval
“The NT EPA considers that the Project can be managed in a manner that avoids significant or unacceptable environmental impacts and risks.”

Assessment completed for mining, beneficiation and extraction processing at the Nolans site

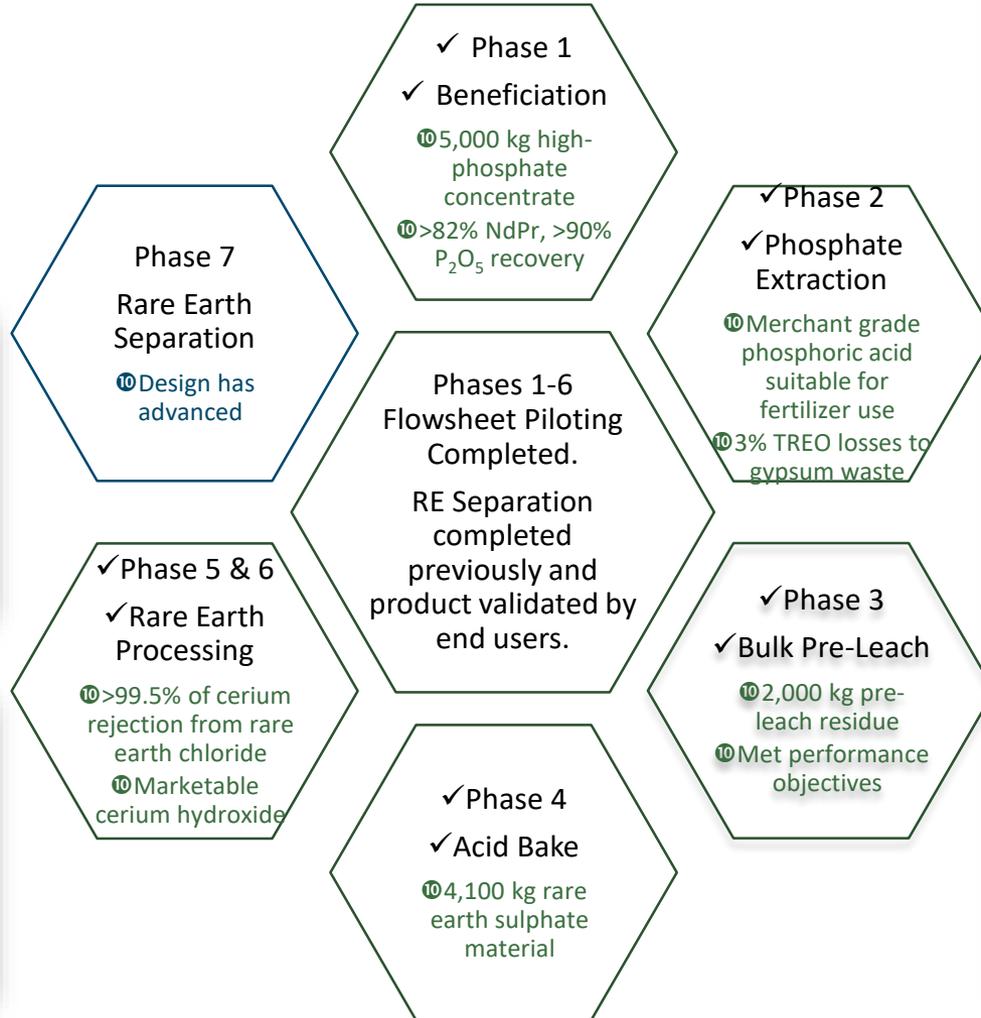
Technology Program



Rare Earth Processing Pilot Plant



Acid Bake Pilot Plant



Beneficiation Pilot Plant



Phosphate Extraction Pilot Plant



Bulk Pre-Leach Pilot Plant

DFS Completed February 2019

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Mining & Processing		
Mine Life (years)	23	
Concentrate (tpa)	293,000	
Production		
TREO equivalent (tpa)	13,343	
NdPr Oxide (tpa)	4,357	
Cerium Hydroxide (tpa TREO basis)	8,383	
SEG-HRE Carbonate (tpa TREO basis)	603	
Phosphoric Acid (tpa 54% P ₂ O ₅ MGA)	135,808	
Financial		
	US\$	A\$
Capital Cost (\$m)	726	1,006
Rare Earth Sales Revenue (\$m pa)	379	539
Phosphoric Acid Sales Revenue (\$m pa)	35	50
Mining Costs (\$m pa)	(30)	(43)
Processing Costs (\$m pa)	(103)	(148)
General & Administration Costs (\$m pa)	(15)	(21)
EBITDA (\$m pa)	266	377
KPI Analysis		
	US\$	A\$
Operating Cost \$/kg NdPr	34.07	48.40
Operating Cost \$/kg NdPr with MGA credit	25.94	36.85
NPV ₁₀ after tax (\$m)	497	729
IRR after tax (%)	17.43%	
After tax payback	Year 5	
IRR 15% @ US\$/kg NdPr	76	
IRR 10% @ US\$/kg NdPr	59	

* Production and financial data is calculated as the annual average following a three year ramp-up and excluding the partial final year production

23 year mine life

4,357 tonnes NdPr p.a.

EBITDA A\$377m p.a.

Ultra low OPEX of US\$25.94/kg NdPr

Capital payback in year 5

Highly leveraged to NdPr price

Refer ASX announcement 7 February 2019: Nolans Project Definitive Feasibility Study



Strong News Flow

- Native Title Agreement.
- Mining Lease.
- Progress for product offtake agreements and project funding.
- Drilling and metallurgical results.
- Contractor appointment, securing second hand camp, final contractor selection,
- Life of mine upgrade and commence FEED.



Estimates of times are indicative only and are subject to change

Appendices

Appendix A: Risks

Appendix B: Experienced Board

Appendix C: Experienced Management

Appendix D: Compliance Statements- Mineral Reserves, Resources & Production
Targets



Appendix A: Risks

Risk factors

You should be aware that being issued New Shares involves various risks. This Section discusses some of the key risks associated with an investment in New Shares. A number of risks and uncertainties, which are both specific to and of a more general nature, may adversely affect the operating and financial performance or position of the Company, which in turn may affect the value of New Shares and the value of an investment in the Company.

The risks and uncertainties described below are not an exhaustive list of the risks facing the Company or associated with an investment in the Company. Additional risks and uncertainties may also become important factors that adversely affect the Company's operating and financial performance or position.

This document is not financial product advice and has been prepared without taking into account your investment objectives or personal circumstances. Before investing in New Shares, you should consider whether an investment in New Shares is suitable for you. Potential investors should consider publicly available information on the Company (such as that available on the websites of the Company and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional adviser before making an investment decision.

Appendix A: Risks

1.1 Company specific risks

(a) Exploration and production

The future profitability of the Company (and its subsidiaries) (**Group**), and the value of the New Shares are directly related to the results of exploration, development and production activities as well as costs and prices. Exploration, project development and production involves significant risk.

Exploration is a speculative endeavour with an associated risk of discovery of finding NdPr and other products in commercial quantities and risks associated with development of a project. No assurances can be given that funds spent on exploration and development will result in discoveries that will be commercially viable.

Development and production of NdPr requires sufficient reserves to support project development, cost overruns, production decrease or stoppage, which may be the result of commissioning, facility shutdowns, mechanical or technical failure and other unforeseen events. A significant poor development outcome or failure to maintain production could result in the Group lowering reserve and production forecasts, loss of revenue; increased working capital requirements; and additional operating costs to restore production.

In some instances, a loss of production may incur significant capital expenditure, which could require the Group to seek additional funding. The Group may fail to meet product quality requirements and material specifications required by buyers.

(b) Volatility of the price of rare earth elements

NdPr and other rare earth products are not exchange traded commodities. The Group will require contracts for sale of these mineral commodities. There is no guarantee the Group will secure contracts on terms favourable to the Group. NdPr and other rare earth product prices will depend on available markets at acceptable prices and distribution and other costs. Any substantial variation in the price of NdPr and other rare earth products or an increase in the distribution costs could have a significant impact on the Group.

Appendix A: Risks

(c) Operating

Industry operating risks include, but are not limited to, fire, explosions and environmental hazards. The occurrence of any of these risks could result in substantial losses to the Group due to injury or loss of life, damage to or destruction of property, natural resources, or equipment; pollution or other environmental damage; clean-up responsibilities; regulatory investigation and penalties; or suspension of operations. Damages occurring to third parties as a result of such risks may give rise to claims against the Group.

(d) Reliance on key personnel and advisors

The ability of the Group to achieve its objectives depends on the engagement of key employees, directors and external contractors that provide management and technical expertise.

If the Group cannot secure external technical expertise (for example to carry out development activities) or if the services of the present management or technical team cease to be available to the Group, this may affect the Group's ability to achieve its objectives either fully or within the timeframes and the budget that it has forecast. Additionally, industrial disruptions, work stoppages and accidents in the course of operations may adversely affect the Group's performance.

(e) Reliance on third party infrastructure

The Group will rely on third party transportation infrastructure in order to deliver its production to the market and incoming reagents and supplies to the Nolans project site . Any delay or failure to access or properly maintain operating infrastructure or shared facilities may have a material adverse effect on the Group.

(f) Reserves and resource estimates

Mineral reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter or become uncertain when new information becomes available on the tenements through additional tests over the life of a project. This applies equally to the Company's production targets in relation to the project and any forecast financial information derived from a production target.

Appendix A: Risks

(f) Reserves and resource estimates (continued)

In addition, reserve and contingent resource estimates (production targets and forecast financial information derived from a production target) are necessarily imprecise and depend to some extent on interpretations, which may prove inaccurate. The actual reserves or contingent resources may differ from those estimated which may result in the Group altering its plans which could have either a positive or negative effect on its operations.

Changes in reserve estimates could also impact the Group's ability to maintain its borrowing capacity with its current or future lenders.

(g) Metallurgy and Hydrometallurgy

Testwork is used to develop the metallurgical and hydrometallurgical processes required to convert ore into final products. Scale up, technology and materials handling risks remain as the Group moves from development, to construction, commissioning and production. Product recoveries are dependent upon the metallurgical and hydrometallurgical processes, and by its nature contain elements of significant risk such as:

- (i) developing and identifying metallurgical and hydrometallurgical processes through testwork to produce a saleable product;
- (ii) developing an economic process route to produce a saleable product; and
- (iii) changes in mineralogy in the ore deposit result in inconsistent product recovery, adversely affecting the economic viability of the project.

(h) Native title

Both the Native Title Act (Cth) the Northern Territory Native Title Legislation and Aboriginal land rights and Aboriginal heritage legislation might affect the Company's ability to gain access to prospective exploration areas or obtain Mineral Leases. The Group may from time to time, need to negotiate with any native title claimant for access rights to its tenements. In addition, agreement will need to be reached with native title claimants and/or holders prior to the grant of a Mineral Lease. There may be significant delays and costs associated with these negotiations and to reach agreement acceptable to all relevant parties. At this stage, it is not possible to quantify the impact that these developments may have on the operations of the Company.

Appendix A: Risks

(i) Environmental

The Group's exploration, development and production activities are subject to legislation regarding environmental matters.

The legal framework governing this area is complex and constantly developing. There is a risk that the environmental regulations may become more onerous, making the Group's operations more expensive or cause delays. The Group may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past activities for which it was not responsible.

The Group's operations are subject to the Northern Territory and Commonwealth laws and regulations regarding environment including hazards and discharge of hazardous waste and materials. The mining and processing of Normally Occurring Radioactive Materials (NORM) is subject to additional laws and regulations regarding environmental matters. The cost of compliance with these laws and regulations may impact the cost of exploration, development, construction, operation of the production facilities and mine closure costs.

(j) Title

All mining tenements which the Group may acquire either by application, sale and purchase or farm-in are regulated by the applicable state or territory mining legislation.

There is no guarantee that applications will be granted as applied for (although the Group has no reason to believe that tenements will not be granted in due course). Various conditions may also be imposed as a condition of grant. In addition the relevant minister may need to consent to any transfer of a tenement to the Group.

Renewal of titles is made by way of application to the relevant department. There is no guarantee that a renewal will be automatically granted other than in accordance with the applicable state or territory mining legislation. In addition, the relevant department may impose conditions on any renewal, including relinquishment of ground.

Appendix A: Risks

(j) Title (continued)

In 2017 the Northern Territory Government (NTG) introduced a “Shared Land Use” policy which encourages consultation between the holder of a mineral title and a pastoral lessee. NTG approval of substantial disturbance activity by the mineral title holder requires evidence of a land access agreement between an explorer and pastoral lessee. Where such an agreement cannot be reached the matter can be referred to the NTG’s Land Access Assessment Panel (LAAP). In the event of a positive determination from the LAAP the mineral title holder may undertake the substantial disturbance activities in accordance with the Mine Management Plan authorised by the Department of Primary Industries and Resources. There is the potential for the land access requirements to cause delays to the Group’s planned development activities.

(k) Legislative changes, government policy and approvals

Changes in government, monetary policies, taxation and other laws in Australia or internationally may impact the Group’s operations and the value of the New Shares. The Group requires government regulatory approvals for its operations.

The impact of actions, including delays and inactions, by state, territory and federal governments may affect the Group’s activities including such matters as access to lands and infrastructure, compliance with environmental regulations, production and exploration activities. This may from time to time affect timing and scope of work to be undertaken. No guarantee can be given that all necessary permits, authorisations, agreements or licences will be provided to the Group by government bodies, or if they are, that they will be renewed. The Group has received environmental approval from the Australian Government and the Northern Territory Environment Protection Authority has recommended the project for approval for the development at Nolans in the Northern Territory but there is no guarantee that the Group can comply with all conditions that are imposed under these approvals.

Appendix A: Risks

(l) Access to Capital Markets

The Group's business relies on access to debt and equity funding. There can be no assurance that sufficient debt or equity funding will be available to the Group on favourable terms or within a reasonable timeframe. Failure to obtain additional funding may cause the Group to postpone any development plans, forfeit rights to some or all of its projects or reduce its operating structures, including staff and overhead levels, which may delay or suspend the Group's business strategy and could have a material adverse effect on the Group's activities. Any additional equity financing may dilute existing shareholdings.

(m) Occupational health and safety

Exploration and production activities may expose the Group's staff and contractors to potentially dangerous working environments. Occupational health and safety legislation and regulations differ in each jurisdiction. If any of the Group's employees or contractors suffers injury or death, compensation payments or fines may be payable and such circumstances could result in the loss of a licence or permit required to carry on the business. Such an incident may also have an adverse effect on the Group's business and reputation.

(n) Insurance

Insurance of all risks associated with mineral exploration and production is not always available and, where available, the cost can be high. The Group maintains insurance within a coverage range that it considers to be consistent with industry practice and appropriate for its needs. The occurrence of an event that is uninsurable, not covered, or only partially covered by insurance could have a material adverse effect on the Group's business and financial position.

Appendix A: Risks

(o) Financial risks

The Group's activities expose it to a variety of financial risks, including:

- *Market risk:* The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices interest rate risk, price risk, credit risk and liquidity risk (maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities). The Group's future activities will be subject to volatility and fluctuations in those particular areas.
- *Foreign exchange/currency risk:* The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures with respect to changes in foreign exchange rates. The Group's future commercial transactions include product sales, capital expenditure, purchase of foreign sources inputs and debt facilities. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.
- *Interest rate and credit risk:* This relates to the risk that interest rates applicable to the Group may fluctuate and have an impact on the value of the Group's assets and liabilities.
- *Liquidity risk:* This relates to the ability of the Group to maintain sufficient cash and the availability of funding through an adequate amount of committed credit facilities to support the Group's operations.

(p) Underwriting risk

The underwriting agreement in relation to the Entitlement Offer may be terminated by Patersons (which would release Patersons from its obligations under it) on the occurrence of certain events, including material disruptions in financial conditions or markets, breaches by Arafura of certain obligations or the occurrence of certain events which may have a material adverse effect on Arafura or the Entitlement Offer. If the underwriting agreement is terminated, Arafura may not be able to place all of the shortfall from the Entitlement Offer to raise the full amount contemplated which may have an impact on Arafura's planned activities unless further funds are raised.

Appendix A: Risks

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1.2 General risks

(a) Potential for dilution

If shareholders do not take up their entitlements under the Entitlement Offer, then their percentage holding in the Company may be diluted by not participating to the full extent in the Entitlement Offer.

It is not possible to predict what the value of the Company or its shares will be following the completion of the Entitlement Offer and the Directors do not make any representation as to such matters.

The historical trading price of the Shares on ASX prior to this Entitlement Offer is not a reliable indicator as to the potential trading price of Shares or after completion of the Entitlement Offer.

(b) General market and share price

There are general risks associated with investments in equity capital such as the Shares. The trading price of the Shares may fluctuate with movements in equity capital markets in Australia and internationally.

Generally applicable factors which may affect the market price of shares include:

- general movements in Australian and international stock markets;
- investor sentiment;
- Australian and international economic conditions and outlook;
- commodity prices;
- changes in interest rates and the rate of inflation;
- changes in government legislation and policies, including taxation laws and foreign investment legislation;
- announcement of new technologies; and
- geo-political instability, including international hostilities and acts of terrorism.

Appendix A: Risks

Further, the effect of these conditions on the Group's ability to refinance its debt obligations, and the terms on which any such refinancing can be obtained, is uncertain. If these conditions result in the Group being unable to refinance its debt obligations, or to do so on reasonable terms, this may have an adverse impact on its financial position, financial performance and/or share price. The operational and financial performance and position of the Company's share price may be adversely affected by a worsening of international economic and market conditions and related factors. It is also possible that new risks might emerge as a result of global markets experiencing extreme stress, or existing risks may manifest themselves in ways that are not currently foreseeable.

(c) Dividends

Any future determination as to the payment of dividends by the Company will be at the discretion of the directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(d) Taxation

The disposal of New Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All investors are urged to obtain independent financial advice about the consequences of disposing of New Shares from a taxation viewpoint and generally. To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of acquiring or disposing of New Shares under this Entitlement Offer.



Appendix A: Risks

1.3 Speculative investment

The above list of risk factors ought not to be taken as an exhaustive list of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares offered under the Entitlement Offer. An investment in the Company is speculative and investors should consult their professional adviser before applying for or disposing of New Shares.

Appendix B: Experienced Board



MARK SOUTHEY
NON-EXECUTIVE CHAIRMAN

Mark Southey has previously held senior executive positions with Honeywell and ABB both in Australia and internationally, and more recently was part of the global executive leadership team within WorleyParsons, where he held the position of Group Managing Director for the Minerals, Metals and Chemicals Sector.



CHRIS TONKIN
NON-EXECUTIVE DIRECTOR

Chris Tonkin has over 35 years' experience as a senior business executive with a broad industry background in business generation, management, and strategy development. He is a member of Arafura Resources' Remuneration and Nomination and Audit and Risk Committees and is also Chairman of Lakes Oil NL.



GAVIN LOCKYER
MANAGING DIRECTOR

Gavin Lockyer's diverse, global experience has provided management and leadership opportunities in a range of disciplines including; Accounting, Financial & Investment Banking, Major Resource Development & Operations, and Global Bank Treasuries. Over the past 20 years his career has exposed him to business practices in North America, Europe, and Australasia.



QUANSHENG ZHANG
NON-EXECUTIVE DIRECTOR

Quansheng Zhang holds a Doctoral degree in Engineering and a Masters degree in Geophysical Prospecting. He is based in Nanjing in the Peoples Republic of China and is the General Manager of Hong Kong East China Non-Ferrous Mineral Resources Co Ltd (HKECE). Quansheng has over 30 years of mineral prospecting and exploration experience, and expertise in mineral resource surveys and geophysics.

Appendix C: Experienced Management

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RICHARD BRESCIANINI
GENERAL MANAGER EXPLORATION &
DEVELOPMENT

Richard has over 30 years' experience in the minerals industry. He worked with BHP Minerals on base and precious metals exploration programs throughout Australasia and North America, contributing to significant economic discoveries at Eloise (copper-gold) and Cannington (silver-lead-zinc). Thereafter he led the Northern Territory Government's Geological Survey as its Director from 2003 to 2007 before joining Arafura.



PETER SHERRINGTON
CHIEF FINANCIAL OFFICER & COMPANY
SECRETARY

Peter commenced employment with Arafura in 2008 as Commercial Manager and was appointed Chief Financial Officer in July 2013. He has more than 20 years' experience in professional and corporate roles in Perth. Prior to working with Arafura, he held senior finance and commercial positions with several ASX and public unlisted entities. He has also worked in public practice for 10 years in the areas of business services and corporate advisory.



LLOYD KAISER
GENERAL MANAGER SALES & MARKETING

Lloyd has more than 10 years' experience in the sales and marketing of industrial minerals into high value sector markets including the nuclear, automotive, and advanced ceramics sectors. Prior to joining Arafura, he held several senior positions in account management, business development and marketing across a diverse range of commodities and chemicals including alumina, coal, industrial minerals, refractories, and ceramics.



BRIAN FOWLER
GENERAL MANAGER NT & SUSTAINABILITY

Brian has worked for over 40 years in private sector mineral companies developing a range of commodities, including rare earths, base metals, and gold. Brian is a member of the Northern Territory Mining Board, Management Board of the Northern Territory Minerals Council of Australia, and a member of Work Health & Safety Advisory Council of the Northern Territory.



STEWART WATKINS
GENERAL MANAGER PROJECTS

Stewart has 25 years' experience in many facets of the mining industry including operations, engineering consulting, project development and management. Stewart is a Fellow of the AusIMM.

Appendix D: Mineral Reserves, Resources and Production Targets

Ore Reserves

The information in this presentation that relates to Ore Reserves is extracted from Arafura's ASX announcement dated 7 February 2019 (Nolans Project Definitive Feasibility Study) available to view at www.asx.com.au, and was completed in accordance with the guidelines of the JORC Code (2012). Arafura confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Ore Reserves estimates in the relevant announcement continue to apply and have not materially changed. Arafura confirms that the form and content in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Mineral Resources

The information in this presentation that relates to Mineral Resources is extracted from Arafura's ASX announcement dated 7 June 2019 (Detailed Resource Assessment Completed) available to view at www.asx.com.au, and was completed in accordance with the guidelines of the JORC Code (2012). Arafura confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resources estimates in the relevant announcement continue to apply and have not materially changed. Arafura confirms that the form and content in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Production Targets and Forecast Financial Information

The information in this presentation that relates to production targets and forecast financial information derived from a production target is extracted from an ASX announcement dated 7 February 2019 (Nolans Project Definitive Feasibility Study) available to view at www.asx.com.au. Arafura confirms that all material assumptions underpinning the production target and forecast financial information derived from production targets set out in the announcement released on 7 February 2019 continue to apply and have not materially changed.

6 Additional information

6.1 Eligibility of Shareholders

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 the Record Date;
- (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.

By returning a completed personalised Entitlement and Acceptance Form or making a payment by either BPay® or cheque, bank draft or money order, you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an Eligible Shareholder. Nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

Arafura has determined that it is unreasonable to extend the Entitlement Offer to Ineligible Shareholders because of the small number of such Shareholders, the number and value of Shares that they hold and the cost of complying with the applicable regulations in jurisdictions outside Australia and New Zealand.

6.2 Ranking of New Shares

The New Shares issued under the Entitlement Offer will be fully paid and rank equally with Existing Shares.

6.3 Issue of New Shares

Arafura has applied for quotation of the New Shares on ASX in accordance with ASX Listing Rule requirements. If ASX does not grant quotation of the New Shares, Arafura will repay all Application Monies (without interest).

Trading of New Shares will, subject to ASX approval, occur shortly after issue. It is expected that issue of the New Shares under the Entitlement Offer will take place on 19 July 2019. Application Monies will be held by Arafura on trust for Applicants until the New Shares are allotted. No interest will be paid on Application Monies.

Subject to approval being granted, it is expected that the New Shares allotted under the Entitlement Offer will commence trading on a normal basis on 22 July 2019.

It is the responsibility of Applicants to determine the number of New Shares allotted and issued to them prior to trading in the New Shares. The sale by an Applicant of New Shares prior to receiving their holding statement is at the Applicant's own risk.

6.4 Reconciliation

The Entitlement Offer is a complex process and in some instances investors may believe they own more Shares than they actually do or are otherwise entitled to more New Shares than

initially offered to them. These matters may result in a need for reconciliation. If reconciliation is required, it is possible that Arafura may need to issue a small quantity of additional New Shares to ensure all Eligible Shareholders receive their full Entitlement. The price at which these additional New Shares would be issued, if required, is the Offer Price.

Arafura also reserves the right to reduce the number of New Shares allocated to Eligible Shareholders or persons claiming to be Eligible Shareholders, if their Entitlement claims prove to be overstated, if they or their nominees fail to provide information requested to substantiate their Entitlement claims, or if they are not Eligible Shareholders.

6.5 Underwriting

The Entitlement Offer is fully underwritten by the Underwriter, subject to the terms of an agreement between Arafura and the Underwriter under which it has been agreed that the Underwriter will act as lead manager and underwriter in respect of the Entitlement Offer (**Underwriting Agreement**). Under the Underwriting Agreement:

- Arafura has provided various customary representations and warranties to the Underwriter;
- subject to certain exceptions, Arafura has agreed to indemnify the Underwriter and its officers, employees, agents and advisers (each an **Indemnified Party**) from and against all losses or costs incurred (directly or indirectly, including loss of profit) suffered, incurred, paid or liable to be paid arising out of or in respect of the Entitlement Offer;
- the Underwriter may in certain circumstances (having regard, in some cases, to the materiality of the relevant event) terminate the Underwriting Agreement and be released from its obligation to underwrite the Entitlement Offer on the happening of certain events, including (but not limited to) where:
 - either of the All Ordinaries Index or the S&P/ASX Small Resources Index as published by ASX is at a level that is 7.5% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
 - the Shares that trade on ASX under the code “ARU” close on any day lower than the Offer Price;
 - ASX approval for the official quotation of the New Shares is not granted or, having been granted, is subsequently refused, withdrawn, withheld or qualified;
 - the Entitlement Offer material omits any material information required by the Corporations Act or contains a statement that is misleading or deceptive (or that is likely to be misleading or deceptive), or does not comply with the Corporations Act;
 - Arafura is prevented from issuing the New Shares;
 - ASIC makes an application for an order in relation to the Entitlement Offer material that has not been dismissed or withdrawn before Arafura notifies the Underwriter of the number of shortfall shares under the Entitlement Offer;
 - the Takeovers Panel makes a declaration that circumstances in relation to the affairs of Arafura are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;

- there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) involving one or more of Australia, New Zealand, Japan, Russia, the United Kingdom, the United States of America, France, North Korea, the People's Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- any authorisation which is material to anything referred to in the Entitlement Offer material is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
- a director or senior manager of Arafura (or its subsidiaries) is charged with an indictable offence;
- any sub-underwriters that were introduced by Arafura (including Talaxis) do not comply with their obligations under their sub-underwriting agreements;
- the Underwriting Agreement is breached by Arafura;
- a material adverse change occurs in relation to Arafura or the Entitlement Offer;
- the due diligence material prepared in connection with the Entitlement Offer was false, misleading or deceptive in a material respect (including by omission);
- there is a change in relevant law or policy (or an announcement of a proposal to change a law or policy) that has (or is likely to have) a material adverse effect on Arafura or the Entitlement Offer;
- Arafura suspends payments of its debts generally;
- there is a change in the composition of the Arafura board or a change in senior management of Arafura; and
- any event specified in the timetable for the Entitlement Offer is delayed by more than 3 business days without the written consent of the Underwriter (such consent not to be unreasonably withheld).

The Underwriter will be paid an underwriting fee of 5.0% (excluding GST) of the gross proceeds raised under the Entitlement Offer, plus a corporate advisory fee of \$150,000 for its services in managing the Entitlement Offer and for providing corporate and strategic advice to Arafura during the Entitlement Offer process.

The Underwriter may appoint sub-underwriters to the underwritten Entitlement Offer in its absolute discretion provided that any such persons are persons who may lawfully be offered and issued any shortfall shares in compliance with applicable laws without lodgement, registration or other formality or filing with or by a governmental agency. Any fees payable to sub-underwriters will be paid by the Underwriter from the underwriting fee.

The Underwriter has not authorised or caused the issue of this Entitlement Offer material and does not take any responsibility for this Entitlement Offer material or any action taken by you on the basis of such information. To the maximum extent permitted by law, the Underwriter and each of its officers, employees, agents and advisers disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Entitlement Offer and this Entitlement Offer material being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. Neither the Underwriter nor any of its officers, employees, agents and advisers make any recommendations as to whether you or your related parties should participate in the Entitlement Offer nor do they make any representations or warranties to you concerning the Entitlement Offer, or any such information

and you represent, warrant and agree that you have not relied on any statements made by either the Underwriter or any of its officers, employees, agents and advisers in relation to the New Shares or the Entitlement Offer generally.

6.6 Talaxis \$7.2 million Sub-Underwriting

Talaxis has agreed to sub-underwrite \$7.2 million of the Entitlement Offer.

Talaxis was established in 2016 and is a wholly-owned subsidiary of Noble Group Holdings Limited (**Noble Group**). Noble Group is Asia's leading independent energy products and industrial raw materials supply chain manager. Noble Group trades energy raw materials, special ores and industrial minerals, base metals, aluminium and technology metals, supported by its freight and logistics operations. Talaxis invests and participates in the development of projects in the technology metals sector, with a special focus on rare earths. Talaxis leverages Noble Group resources through access to logistics and supply chain management and can also assist with the design and structure of financing solutions.

Talaxis, through its potential investment in Arafura (through its sub-underwriting of the Entitlement Offer), is looking to align itself with existing shareholders to minimise dilution and preserve shareholder value. Talaxis also seeks to play a significant part in bringing the Nolans Project production to various destination markets throughout the world. Talaxis' marketing services are client-oriented "white-label" solutions that will enable Arafura to maintain its brand name and also to optimise its product distribution. Through developing and bringing the Nolans Project into production, Arafura believes that it has the potential to redesign the NdPr market dynamics. Arafura will work over the coming months to refine the basis in which it will seek to partner with Talaxis for the provision of product, project and capital related services for the Nolans Project.

6.7 Potential Effect on Control

Having regard to the composition of Arafura's share register, the information contained in the substantial shareholder notices released to ASX, the terms of the underwriting arrangements in place and the Entitlement Offer, the nature of the underwriters and sub-underwriters (that Arafura is aware of), and confirmation by the Company's largest shareholder (not including JP Morgan Nominees Australia Limited which acts as a nominee or custodian for various shareholders), ECE Nolans Investment Company Pty Ltd, that it will not participate in the Entitlement Offer, Arafura does not believe that any person will increase their percentage shareholding in Arafura pursuant to the Entitlement Offer in a way which will have any material impact on the control of Arafura.

The potential effect that the issue of the New Shares under the Entitlement Offer will have on the control of the Company is set out in the Company's Notice under section 708AA(2)(f) of the Corporations Act 2001 (Cth) (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84) which was announced to ASX on 20 June 2019.

6.8 Continuous Disclosure

Arafura is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules, including the preparation of annual reports and half yearly reports.

Arafura is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the stock markets conducted by ASX. In particular, Arafura has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of Arafura shares. That information is available to the public from ASX.

6.9 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted.

6.10 Not investment advice

This Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Arafura is not licensed to provide financial product advice in respect of the New Shares. The information contained in this Offer Booklet does not purport to contain all the information that you may require to evaluate a possible application for New Shares, nor does it purport to contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with Arafura's other periodic statements and continuous disclosure announcements lodged with ASX.

7 Glossary

In this Offer Booklet, the following terms have the following meanings:

Term	Definition
\$ or A\$ or AUD or dollars	Australian dollars (unless otherwise specified)
Applicant	an Eligible Shareholder who has submitted a valid Application
Application	an application to subscribe for New Shares under the Entitlement Offer
Application Monies	monies received from applicants in respect of their Applications
Arafura	Arafura Resources Limited ACN 080 933 455
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ABN 98 008 624 691 or the financial products market operated by that entity known as the Australian Securities Exchange
ASX Announcement	the announcement released to ASX on 20 June 2019 in connection with the Entitlement Offer, a copy of which is set out in Section 5
ASX Listing Rules	the official listing rules of ASX, as amended or replaced from time to time
Closing Date	5.00pm (AEST) on 12 July 2019. This is the final date that Eligible Shareholders can take up some or all of their Entitlement
Corporations Act	<i>Corporations Act 2001 (Cth)</i>
Director	a director of Arafura
Eligible Shareholder	is defined in Section 6.1
Entitlement	the entitlement to subscribe for 7 New Shares for every 20 Existing Shares held on the Record Date by Eligible Shareholders
Entitlement and Acceptance Form	the Entitlement and Acceptance Form accompanying this Offer Booklet upon which an Application can be made
Entitlement Offer	the non-renounceable pro-rata offer to Eligible Shareholders to subscribe for 7 New Shares for every 20 Existing Shares of which the Shareholder is the registered holder on the Record Date, at the Offer Price, pursuant to this Offer Booklet
Entitlement Offer Period	the period commencing on the opening date of the Entitlement Offer, as specified in the 'Key Dates for the Entitlement Offer' in Section 1, and ending on the Closing Date

Term	Definition
Excess Amount	is defined in Section 4.5
Existing Share	a Share on issue before the Record Date
GST	Australian Goods and Services Tax (currently 10%)
Ineligible Shareholder	a Shareholder who is not an Eligible Shareholder
Investor Presentation	the presentation released to ASX on 20 June 2019 in connection with the Entitlement Offer, a copy of which is set out in Section 5
New Shares	a Share issued in connection with the Entitlement Offer
Offer Booklet	this booklet dated 28 June 2019, including the ASX Announcement and Investor Presentation set out in Section 5
Offer Price	\$0.085 per New Share
Record Date	the time and date for determining which Shareholders are entitled to an Entitlement under the Entitlement Offer, being 7.00pm (AEST) on 25 June 2019
Section	a section of this Offer Booklet
Share	a fully paid ordinary Arafura share
Share Registry	Link Market Services Limited (ACN 0843 214 537) or any other person appointed as registry by Arafura from time to time
Shareholder	the registered holder of an Existing Share
Talaxis	Talaxis Limited, a wholly-owned subsidiary of Noble Group Holdings Limited
U.S. or United States	United States of America, its territories and possessions, any state of the United States and the District of Columbia
U.S. Securities Act	U.S. Securities Act of 1933, as amended
Underwriter	Patersons Securities Limited
Underwriting Agreement	the underwriting agreement dated 19 June 2019 between the Company and the Underwriter, as described in Section 6.5
VWAMP	volume weighted average market price

8 Corporate Directory

Arafura

Arafura Resources Limited
Level 3, 263 Adelaide Terrace
Perth WA 6000

Arafura Shareholder Information Line

1300 730 659 (within Australia) or
+61 1300 730 659 (outside Australia)
Open 8.30am to 5.30pm (AEST) Monday to Friday (excluding public holidays) during the
Entitlement Offer Period.

Share Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Underwriter and Lead Manager

Patersons Securities Limited
Level 23
2 The Esplanade
Perth WA 6000
Telephone: +61 8 9263 1111

Legal Adviser

Johnson Winter & Slattery
Level 4, 167 St Georges Terrace
Perth WA 6000