

ASX Announcement

Accelerated Non-Renounceable Entitlement Offer

10 August 2018



Arafura Resources Limited (ASX: ARU) (**Arafura, the Company**) is pleased to announce a 1 for 4 accelerated non-renounceable entitlement offer (**Entitlement Offer**) at \$0.08 per share (**Offer Price**) to raise approximately \$11.5 million through the issue of approximately 143,938,988 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 Company's Nolans NdPr Project in the Northern Territory by carrying out technology, engineering and piloting activities as required to progress to a definitive feasibility study (DFS) and to enable project execution readiness, and for general working capital purposes.

The Entitlement Offer is comprised of:

- an accelerated institutional component to be conducted between 13 August 2018 and 14 August 2018 (**Institutional Entitlement Offer**); and
- a retail component which is anticipated to open on 20 August 2018 and close on 29 August 2018 (**Retail Entitlement Offer**).

The record date under the Entitlement Offer is 7.00pm (AEST) on 15 August 2018 (**Record Date**). Entitlements are non-renounceable and accordingly cannot be traded on the ASX.

The Entitlement Offer is not underwritten and any shortfall shares will be placed by the directors at their discretion subject to compliance with the *Corporations Act 2001* (Cth) and the ASX Listing Rules.

The Offer Price of \$0.08 per New Share under the Entitlement Offer represents a discount of 17.5% to \$0.097, being the last closing price of Arafura shares before announcement of the Entitlement Offer. The Offer Price also represents a discount of 20% to the 10 day VWAP 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 allotment.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer which opens on 13 August 2018 and closes on 14 August 2018.

Under the Institutional Entitlement Offer, eligible institutional shareholders can choose to take up all, part or none of their Entitlement. New Shares in relation to Entitlements not taken up under the Institutional Entitlement Offer, or New Shares in relation to entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered to eligible institutional investors and other institutional investors at the Offer Price through a bookbuild process.

Arafura shares have been placed in a trading halt while the Institutional Entitlement Offer is undertaken. It is expected that the trading halt will end at market open on 15 August 2018.

Accelerated Non-Renounceable Entitlement Offer

New Shares under the Institutional Entitlement Offer are expected to be issued on 22 August 2018. Arafura will, upon issue of the New Shares under the Institutional Entitlement Offer, seek quotation of the New Shares on ASX.

Retail Entitlement Offer

Eligible retail shareholders with a registered address in Australia or New Zealand as at the Record Date (**Eligible Retail Shareholders**), have the opportunity to take up their entitlement of New Shares at the Offer Price, on the terms and conditions outlined in the Retail Offer Booklet to be sent to Eligible Retail Shareholders on or around 20 August 2018. The Retail Entitlement Offer is anticipated to close on 29 August 2018.

Eligible Retail Shareholders can choose to take up all, part, or none of their Entitlements. Furthermore, the Retail Entitlement Offer will include a top up facility under which Eligible Retail Shareholders who take up their Entitlement in full may also apply for additional shares in the Retail Entitlement Offer that were not taken up by other Eligible Retail Shareholders. There is no guarantee that applicants under the top up facility will receive all or any of the additional shares for which they apply.

New Shares under the Retail Entitlement Offer are expected to be issued on 6 September 2018. Arafura will, upon issue of the New Shares under the Retail 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 Retail Entitlement Offer.

Key dates

Event	Date
Announcement of the Entitlement Offer	10 August 2018
Institutional Entitlement Offer opens	13 August 2018
Institutional Entitlement Offer closes	14 August 2018
Shares recommence trading on ASX on an "ex-entitlement" basis	15 August 2018
Record Date for the Entitlement Offer	7.00pm (AEST) 15 August 2018
Retail Entitlement Offer opens	20 August 2018
Retail Offer Booklet despatched	20 August 2018
Settlement of New Shares issued under the Institutional Entitlement Offer	21 August 2018
Allotment and normal trading of New Shares issued under the Institutional Entitlement Offer	22 August 2018
Retail Entitlement Offer closes (Retail Closing Date)	5.00 pm (AEST) 29 August 2018
Allotment of New Shares under the Retail Entitlement Offer	5 September 2018
New Shares issued under the Retail Entitlement Offer commence trading on ASX	6 September 2018
Despatch to Shareholders of holding statements under the Retail Entitlement Offer	7 September 2018

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

Retail Investor Enquiries

For further information in regard to the Retail Entitlement Offer, please contact the Arafura Shareholder Information Line on 1300 494 861 (local call cost within Australia) or +61 1300 494 861 (from outside Australia) at any time between 8.30am and 5.30pm (AEST), Monday to Friday (excluding public holidays).

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

Further Information

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

Origin Securities Pty Ltd and Amvest Capital Inc (acting through Mann Mann Jensen Partners LP) have been appointed as managers of the Institutional Entitlement Offer and book runners to the Institutional Entitlement Offer.

Further details about the Entitlement Offer are contained in a separate investor presentation lodged with the ASX today.

ENDS

Further comment and information	
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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.

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