

# ASX RELEASE

14 July 2016

ASX: ARU



**AN EMERGING  
RARE EARTHS  
PRODUCER  
FOR USERS  
WORLDWIDE**

Mr Chris Bailey  
ASX Compliance Pty Ltd (Perth)  
Level 40, Central Park  
152-158 St Georges Tce  
Perth WA 6000

Dear Chris,

**RE: Response to ASX Price & Volume Query**

Further to your letter today and our subsequent telephone conversation we respond as follows:

1. The Company is not aware of any information that has not been announced which could be an explanation for recent trading in the securities of the Company.
2. The answer to question 1 is "No", therefore the response to question 2 is "Not Applicable".
3. Arafura makes reference to its recent Project update which details substantial operating and capital savings at the Nolans Project achieved through its comprehensive work programs. These work programs identified the application of a phosphoric acid pre-leach was better aligned with the Nolans rare-earth bearing phosphate- rich feed. The key features and impacts of these improvements are listed in the announcement "Nolans Review Delivers Major Improvements" (ASX: ARU 28/06/16).

In addition, the Company notes earlier this week an international court in The Hague ruled against China and in favour of the Philippines in relation to territorial claims to the South China Sea. The Company notes similar geopolitical events have previously impacted global rare earth supply, this combined with the recent improvement in operational aspects of the Nolans Project and the lodgement of the Nolans Environmental Impact Statement with the Northern Territory Environmental Protection Agency (ASX: ARU 23/05/16) has lifted the profile of the Company and raised awareness of the ongoing progress at Nolans.

Aside from the above, the Company does not have any other explanation for the price change and volume increase.

4. The Company confirms that it is in compliance with the Listing Rules and in particular Listing Rule 3.1

Should you require further information, please contact me.

Yours sincerely

Peter Sherrington  
Company Secretary  
Arafura Resources Limited.

**ARAFURA RESOURCES LIMITED**

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14 July 2016

Peter Sherrington  
Arafura Resources Limited  
Level 3, Durack Centre  
263 Adelaide Terrace  
Perth WA 6000

**By Email**

Dear Mr Sherrington

**ARAFURA RESOURCES LIMITED ("ENTITY"): ASX PRICE QUERY**

We note a change in the price of the Entity's securities from a close of \$0.055 on Tuesday 12 July 2016 to an intra-day high at the time of writing of \$0.067 today, Thursday 14 July 2016, an increase of 21.8%.

We also note an increase in the trading volume of the Entity's securities in that period to a level that significantly above the average trading volume on days when the Entity's securities are traded.

In light of the price and volume increase, ASX asks you to respond separately to each of the following questions.

1. Is the Entity aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is "yes":
  - (a) Is the Entity relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in the Entity's securities would suggest to ASX that such information may have ceased to be confidential and therefore the Entity may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.
  - (b) Can an announcement be made immediately?

Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).
  - (c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is "no", is there any other explanation that the Entity may have for the recent trading in its securities?

4. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

#### **When and where to send your response**

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **10:30am WST today, Thursday 14 July 2016**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at [tradinghaltspert@asx.com.au](mailto:tradinghaltspert@asx.com.au). It should **not** be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

#### **Listing Rule 3.1**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

#### **Trading halt**

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Please contact me immediately if you have any queries or concerns about any of the above.

Yours sincerely

*[sent electronically without signature]*

Chris Bailey

**ASX Listings Compliance (Perth)**