

STRONG SUPPORT FOR CAPITAL RAISING TO PROGRESS NOLANS PILOT TESTING

- **Arafura to place \$3.6m of shares with institutional and sophisticated investors**
- **Existing shareholders entitled to participate in a \$2.5m Share Purchase Plan (SPP)**
- **Funds to be utilised in ongoing piloting and commercialisation of the Nolans Rare Earths Project.**



Arafura Resources Limited (ASX: ARU, “Arafura” or “the Company”) is pleased to announce it has received commitments from institutional and sophisticated investors in North America, Hong Kong, and Australia to subscribe for 52.9m Arafura shares (New Shares) at a price of \$0.068 per share.

The share placement will raise \$3.6 million in new capital that Arafura intends to allocate towards advancing the final feasibility pilot programs currently underway at its Nolans Rare Earths Project in the Northern Territory.

The introduction of investors of this calibre onto the Company’s share register is a critical milestone in the funding strategy for the Nolans project. Arafura considers that the strong support for the placement reflects the quality of the Nolans Project, which contains the key magnet-feed rare earth materials neodymium and praseodymium, and a growing global awareness of the strategic importance of these minerals to the electric vehicle market.

The issue price for the new shares is at a 20% discount to the volume weighted average price (“VWAP”) of Arafura shares traded on the ASX during the 20 days prior to the trading halt, on 16 February 2017.

Settlement of the placement is expected to occur on 22 February 2017, with the new shares to be allotted on 23 February 2017. The shares will be issued under the Company’s 15% capacity.

Arafura was assisted in the raising by Origin Capital Group and Tectonic Advisory Partners LLC (acting through Ecoban Securities Corporation).

As part of the capital raising, the Company will also offer eligible shareholders the opportunity to apply for new, fully-paid ordinary shares under a Share Purchase Plan (“SPP”). Shares issued through the SPP will be priced at the lower of a 20% discount to Arafura’s VWAP over the five-previous trading day’s either before the issue was announced

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or before the date on which the issue is made. This is the maximum discount permitted for the offer to qualify as a complying SPP under ASX listing rule 7.

Shareholders on the Company's register as at 5:00 pm (AEST) on the Record Date of 17 February 2017 and whose registered address on the share register is in Australia or New Zealand will be entitled to subscribe for up to \$15,000 worth of Arafura shares.

Funds raised via the SPP will also be directed towards advancing the final feasibility pilot programs at Nolans.

The timetable for the SPP is as follows:

Event	Indicative Timing
Record Date	17 February 2017
Announcement of SPP to market	20 February 2017
Issue Disclosure Document	27 February 2017
SPP Opening Date	27 February 2017
SPP Closing Date	20 March 2017
Issue of new shares	27 March 2017
Shares available for trading	27 March 2017
Dispatch of Holding Statements	29 March 2017

The Company intends to cap the amount raised under the SPP at \$2.5m and reserves the right to accept or reject any application under the SPP at its discretion. When determining if an application is to be accepted or rejected, or the amount (if any) by which to scale back an application, the Company will consider several factors, including the size of an applicant's shareholding, the extent to which Eligible Shareholders have sold and if existing holders sell shares after the Record Date then Directors may deem the entitlement under the SPP to be forfeited. The timetable is indicative only and Arafura may, at its discretion, vary any of the above dates by lodging a revised timetable with the ASX. The commencement of trading of new shares is subject to confirmation from ASX.

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