



20 June 2019

Dear Optionholder

Arafura Resources Limited non-renounceable pro-rata entitlement offer

As you may be aware, Arafura Resources Limited (ASX: ARU) (**Arafura**) announced today that it will be undertaking a fully underwritten pro-rata non-renounceable entitlement offer to eligible shareholders of new fully paid ordinary shares in Arafura (**New Shares**) on the basis of 7 New Shares for every 20 fully paid ordinary shares in Arafura (**Shares**) held as at 7.00pm AEDT on 25 June (**Record Date**), at an issue price of \$0.085 per New Share, to raise approximately \$23.2 (before costs) (**Entitlement Offer**).

The Entitlement Offer will be made without disclosure to investors pursuant to section 708AA of the *Corporations Act 2001* (Cth) (as modified by Australian Securities and Investments Commission Corporations (Non-Traditional Rights Issues) Instrument 2016/84). Arafura expects that the Entitlement Offer will close on 12 July 2019.

The Entitlement Offer is open only to Arafura shareholders with a registered address in Australia or New Zealand as at the Record Date. The ASX Listing Rules and the terms of your Arafura options require Arafura to notify you of your right to participate in an entitlement offer of New Shares and the Record Date for the Entitlement Offer.

Your options do not entitle you to participate in the Entitlement Offer. Assuming your options are currently exercisable, to participate in the Entitlement Offer in respect of your options you would need to exercise your options and be entered onto Arafura's share register as a shareholder on or before the Record Date.

Please note that this letter is not an offer or invitation to acquire securities or to participate in the Entitlement Offer, and makes no comment as to whether or not your options are currently exercisable.

If you have any queries regarding your entitlement or participation in 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) prior to the closing date of the Entitlement Offer.

An offer booklet in relation to the Entitlement Offer is expected to be despatched to eligible shareholders on 28 June 2019. A copy of the offer booklet will be lodged with the Australian Securities Exchange (**ASX**) on the date of despatch and will be available on the ASX website (www.asx.com.au).

Yours faithfully

Mark Southey
Chairman
Arafura Resources Limited

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