

ASX Announcement

Non- Renounceable Entitlements Offer Closure and Notice of Shortfall



16 July 2019

Arafura Resources Limited (ASX: ARU) (**Arafura or Company**) announces it has completed its fully underwritten non-renounceable 7 for 20 pro-rata entitlement offer to raise approximately \$23.2 million (before costs) (**Entitlement Offer**) as announced on 20 June 2019.

The Entitlement Offer closed at 5:00pm (AEST) on 12 July 2019 and raised approximately \$8.1m (before costs) from eligible shareholders at an offer price of \$0.085 (**Offer Price**) per new share (**New Share**).

Arafura confirms that the final number of shortfall shares to be issued to the underwriter and sub-underwriters of the Entitlement Offer is 178,036,076, which will (subject to settlement) raise approximately \$15.1m (before costs) and which will bring the total amount raised to approximately \$23.2 million (before costs). It is expected that Arafura will receive subscription funds for the shortfall from the underwriter or sub-underwriters by no later than 19 July 2019, with shortfall shares to be issued on or about 19 July 2019.

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.

In total, applications were received from Eligible Shareholders for approximately 35% of shares available under the Entitlement Offer. New Shares issued under the Entitlement Offer will rank equally with existing shares on issue. New shares will be issued on 19 July 2019 and will commence trading on a normal settlement basis on the Australian Securities Exchange on 22 July 2019. Holding statements will be despatched on or around 23 July 2019.

Arafura Managing Director, Gavin Lockyer, commented: "On behalf of the Board of Arafura, I would like to thank all our shareholders who have participated in the Entitlement Offer. The funds received will be instrumental in enabling the Company to advance the Nolans NdPr Project and we look forward to providing updates as the project meets its critical milestones. We are also very pleased with the support of Patersons Securities Limited as Lead Manager and Underwriter and the significant support from Talaxis Limited as a strategic sub- underwriter, this backing has provided certainty and leadership for this capital raise."



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Important Information

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.

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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