

ASX ANNOUNCEMENT

A\$40 MILLION SHARE PLACEMENT MOVES ARAFURA CLOSER TO PRODUCTION

24 June 2021



- **Firm commitments received from investors for a placement to raise A\$40 million**
- **Strong support from international and domestic institutional investors**
- **Share Purchase Plan targeted to raise up to A\$5 million**
- **Funds raised will strengthen Arafura's cash position and will allow commitment to commence Front End Engineering and Design (FEED)**
- **FEED to take an estimated 12 months & Final Investment Decision remains on track for 2H 2022**

Arafura Resources Limited (ASX: ARU) (Arafura or the Company) is pleased to announce that it has received firm commitments from Australian and overseas institutional and sophisticated investors to raise approximately A\$40 million (before costs) under a placement of fully paid ordinary shares (**Shares**) over two tranches (**Placement**), at an offer price of \$0.12 per share. The Company is also offering Shares under a share purchase plan (**SPP**) to existing eligible shareholders to raise up to approximately A\$5 million (before costs) at the same offer price.

Funds raised are intended to be used to commence FEED activities at the Company's Nolans Project and for general working capital purposes.

Petra Capital Pty Ltd acted as sole lead manager and sole bookrunner to the Placement.

Arafura's Managing Director, Gavin Lockyer, said, "We are delighted with the support for the Placement, and welcome a number of Australian and offshore institutional investors to the register. On behalf of the Board, I would also like to thank our shareholders for their ongoing support."

The Nolans Project is the only new shovel ready NdPr Oxide project in Australia capable of delivering advanced materials into the critical minerals supply chain. The Company welcomes the support of new and existing shareholders and looks forward to applying their funds towards advancing the Nolans Project. Nolans has the potential to diversify rare earth supply chains whilst seeding new industry in Australia, one of the world's safest and most secure jurisdictions."

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Placement

The key details of the Placement are as follows:

Description	Number of Shares to be issued*	Funds to be raised*
Tranche 1	175,617,114	\$21,074,054
Tranche 2	157,716,220	\$18,925,946
Total	333,333,334	\$40,000,000

**Subject to settlement occurring, Tranche 2 subject to shareholder approval at a general meeting of the Company expected to be held on 9 August 2021.*

The issue price of A\$0.12 per Share under the Placement represents:

- a 29.4% discount to the last closing price of Shares on 21 June 2021 of \$0.17 (before the Company went into trading halt); and
- a 29.1% discount to the five trading-day volume weighted average market price of Shares of \$0.1693 to 21 June 2021.

Shares to be issued under Tranche 1 of the Placement will be issued pursuant to the Company's existing placement capacity under ASX Listing Rule 7.1 (and the issue will not require shareholder approval).

Tranche 2 of the Placement is subject to shareholder approval being obtained and a notice of meeting will be despatched shortly (for a shareholder meeting proposed to be held in early August).

The issue of Shares under Tranche 1 of the Placement is expected to occur on or around 2 July 2021 and the issue of Shares under Tranche 2 of the Placement is expected to occur on or around 13 August 2021 (subject to shareholder approval being obtained).

Share Purchase Plan

The Company is pleased to offer all eligible existing shareholders on the Company's share register at 7.00pm (Sydney time) on 23 June 2021 with registered addresses in Australia or New Zealand the opportunity to apply for Shares in the Company by participating in the SPP.

The Company is targeting to raise up to approximately A\$5 million (before costs) through the SPP. The funds raised under the SPP will be used for the same purposes as described above.

The application for new shares under the SPP will be capped at a maximum of A\$30,000 per eligible shareholder, across all their holdings.

The offer price of \$0.12 per new share under the SPP will be the same as the issue price for the Placement. The SPP will provide eligible shareholders with the opportunity to increase their holding without paying brokerage or transaction costs.

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The issue of shares under the SPP is subject to shareholder approval being obtained and such approval will be sought at the shareholder meeting referred to above.¹

The terms and conditions of the SPP will be set out in an SPP Offer Booklet which will be despatched to eligible shareholders (and released to ASX by way of a separate announcement) in due course. Participation in the SPP is optional and the Company reserves the right to scale back any applications under the SPP.

Key dates in relation to the SPP

Timing (Sydney time)	Event
7:00pm, 23 June 2021	Record date
5 July 2021	Opening date
5:00pm, 23 August 2021	Closing date
30 August 2021	Announcement of results
30 August 2021	Issue date
31 August 2021	SPP Shares quoted and commence trading
31 August 2021	Despatch of holding statements

Subject to change. The Company reserves the right to vary these dates at any time.

All Shares to be issued under the Placement and SPP will be fully paid ordinary shares in the Company and will rank equally with the Company's existing quoted shares on issue. The Placement and the SPP are not underwritten.

A copy of the investor presentation for the proposed capital raising, and an Appendix 3B (Proposed issue of securities), will follow this announcement.

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 the Company'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.

¹ The Company has sought a standard waiver from ASX Listing Rule 7.3.9 to allow shareholders to vote at the shareholder meeting (and a concurrent waiver from Listing Rule 10.11 to permit directors and their associates (who are eligible shareholders) to participate in the SPP).

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Forward Looking Statements

This announcement includes forward-looking statements. These statements relate to the Company'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 Company'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 the Company, or any of its affiliates or persons acting on its behalf. The Company 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 the Company 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, the Company 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.

Not for release to US wire services or distribution in the United States

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Authorised by:

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