

ASX ANNOUNCEMENT

A\$41.5M PLACEMENT

5 August 2022



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- **Firm commitments received from investors to raise A\$41.5 million**
- **Strong domestic and international investor support**
- **Funds raised will be used to progress development of the Nolans Project, through FEED and commencement of detailed design and construction tendering**
- **Placement will also fund ongoing offtake and financing on pathway to FID**

Arafura Resources Limited (ASX:ARU) ("**Arafura**" or the "**Company**") is pleased to announce that it has received firm commitments to raise A\$41.5 million (before costs) from Australian and overseas institutional and professional investors under a placement of fully paid ordinary shares ("**New Shares**") at an issue price of A\$0.265 per share ("**Placement**").

The issue price of A\$0.265 per New Share represents a 17.2% discount to the closing price of Arafura shares on 2 August 2022. Approximately 156.7 million New Shares will be issued as a result of the Placement.

The Placement was strongly supported by new and existing investors from around the globe and reflects significant interest in Arafura's tier 1 asset and vertically integrated corporate strategy, as well as the Company's potential to deliver a secure and sustainable supply of NdPr Oxide into the global market for electric vehicles and renewables use.

Under the Placement, the Company will also issue to investors one (1) free-attaching option for every two (2) New Shares subscribed for ("**Options**"). The offer and issue of the Options will be made under a prospectus that will be prepared and lodged with ASIC (and released to ASX) in due course. Approximately 78.4 million Options will be offered under the prospectus and the Company will seek ASX quotation of all Options issued under the Placement. The Options will have an exercise price of A\$0.34 and an expiry date of 18 months from the date of issue.

The New Shares and Options to be issued under the Placement will be issued pursuant to the Company's existing placement capacity under ASX Listing Rule 7.1.



"Our goal is to be a trusted global leader and supplier of choice for sustainably mined and processed rare earth products, helping our customers deliver clean and efficient technologies. We are committed to delivering positive intergenerational economic, environmental and social benefits to our stakeholders."

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The New Shares are expected to be issued on or around 12 August 2022 (subject to settlement occurring) and will rank equally with the Company's existing quoted shares on issue. The Company expects to lodge a prospectus with ASIC in respect of the Options on or around 22 August 2022 and will seek ASX quotation following lodgement.

Funds raised from the Placement will be used to accelerate development of the Nolans Project by:

- completing front-end engineering and commencement of detailed design; and
- commencing tendering activities for main construction contracts.

Funds raised will also be used for general working capital purposes, including ongoing marketing and sales negotiations in the US, Asia and Europe and financing activities.

Canaccord Genuity (Australia) Limited and Bell Potter Securities Limited acted as Joint Lead Managers and Bookrunners to the Placement.

Arafura's Managing Director, Gavin Lockyer, said, *"The Nolans Project is the only NdPr project in Australia that plans to mine and process ore to oxide at a single site. It is pleasing that Arafura continues to receive significant interest from new and existing institutional investors, which along with our advanced discussions with a number of major global companies seeking to secure access to NdPr Oxide, clearly demonstrates the importance of Nolans to the global supply chain for critical raw materials."*

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.

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

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