

A R A F U R A
RESOURCES LIMITED
ABN 22 080 933 455

2017

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

A PROXY FORM IS ATTACHED

DATE OF MEETING:

16 November 2017

TIME OF MEETING:

10 a.m WST

PLACE OF MEETING:

Duxton Hotel,
Room 3,
1 St Georges Terrace,
Perth
Western Australia 6000

Please read the Notice and Explanatory Memorandum carefully.

If you are unable to attend the meeting, please complete and return the enclosed proxy form in accordance with the specified instructions.

ARAFURA RESOURCES LIMITED

NOTICE OF MEETING 2017

Notice is given that the 2017 Annual General Meeting of the Company will be held at the Duxton Hotel, Room 3, 1 St Georges Terrace, Perth, Western Australia, 6000, on 16 November 2017 at 10 a.m. WST.

AGENDA

Ordinary Business

An Explanatory Memorandum containing information in relation to each of the following resolutions accompanies the Notice of Annual General Meeting.

Annual Report

To receive and consider the consolidated financial statements of the Company and its controlled entities for the year ended 30 June 2017 and the reports of the Directors and auditors for the financial year ended 30 June 2017.

Resolution 1 – Remuneration Report

To consider, and if thought fit, to pass the following non-binding resolution as an ordinary resolution:

“That the Remuneration Report for the year ended 30 June 2017 be adopted.”

Resolution 2 – Re-election of Ian Kowalick as Director

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That Ian Kowalick, being a Director of the Company who retires by rotation under rule 7.1(d) of the Company’s constitution, and being an eligible person, is re-elected as a Director of the Company with effect from the close of the Meeting.”

Resolution 3 – Re-election of Chris Tonkin as Director

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That Chris Tonkin, being a Director of the Company who retires by rotation under rule 7.1(d) of the Company’s constitution, and being an eligible person, is re-elected as a Director of the Company with effect from the close of the Meeting.”

Resolution 4 – Approval of Arafura Resources Limited Employee Option Plan

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purpose of Exception 9 in Listing Rule 7.2, and for all other purposes, approval is given for the issue of securities under the Arafura Resources Limited Employee Share Option Plan (a summary of which is set out in Annexure B) on the terms and conditions set out in the Explanatory Memorandum.”

Resolution 5 – Approval of Arafura Resources Limited Performance Rights Plan

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purpose of Exception 9 in Listing Rule 7.2, and for all other purposes, approval is given for the issue of securities under the Arafura Resources Limited Performance Rights Plan (a summary of which is set out in Annexure C) on the terms and conditions set out in the Explanatory Memorandum.”

Resolution 6 – Approval of 10% Placement Capacity

To consider, and if thought fit, to pass the following resolution as a special resolution:

“That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum.”

Other business

To deal with any other business which may be brought forward in accordance with the Company’s constitution or the Corporations Act.

ARAFURA RESOURCES LIMITED

NOTICE OF MEETING 2017

Explanatory Memorandum

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.

Capitalised terms which are not defined in this Notice of Meeting and Explanatory Memorandum are defined in Annexure A to the Explanatory Memorandum.

Resolutions are not inter-dependent

The resolutions are not inter-dependent. This means that a resolution may be passed notwithstanding that one or more of the other resolutions are not passed.

Snapshot date

It has been determined that in accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), for the purposes of the Annual General Meeting, Shares will be taken to be held by the persons who are the registered holders at **4.00 pm WST on 14 November 2017**. Accordingly, Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Voting exclusions

The Company will disregard:

1. any votes cast on Resolution 1 in any capacity by, or on behalf of, either of the following persons:
 - (a) a member of the Key Management Personnel for the company, details of whose remuneration are included in the remuneration report; or
 - (b) a Closely Related Party of such a member.

However a person described above (the 'voter') may cast a vote on Resolution 1 as a Proxy if the vote is not cast on behalf of a person described in paragraph (a) or (b) above and either:

- (a) the voter is appointed as a Proxy by writing that specifies the way the Proxy is to vote on the resolution; or
 - (b) the voter is the chair of the meeting and the appointment of the chair as Proxy:
 - (1) does not specify the way the Proxy is to vote on the resolution; and
 - (2) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the company.
2. any votes cast on Resolution 4 and 5 by a director of Arafura (Except one who is ineligible to participate in any employee incentive scheme in relation to the Company).
 3. any votes cast on Resolution 6 by any person who may participate in the 10% Placement Capacity (as defined in the Explanatory Memorandum for Resolution 6) and a person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the Resolution is passed, and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting exclusions in relation to proxy voting by Key Management Personnel or Closely Related Parties where they hold an undirected proxy

Furthermore, under Section 250BD(1) of the Corporations Act, a person appointed as proxy must not vote, on the basis of that appointment, on a resolution connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, being Resolution 1, 4 and 5 if:

- (a) the person is either a member of the Key Management Personnel for the Company, or a Closely Related Party of the member of the Key Management Personnel for the Company; and
- (b) the appointment does not specify the way the proxy is to vote on the resolution.

Under Section 250BD(2) of the Corporations Act the Company need not disregard a vote because of Section 250BD(1) of the Corporations Act if:

- (a) the person is the chair of the meeting acting as proxy; and
- (b) the appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolutions 1, 4 and 5, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

ARAFURA RESOURCES LIMITED

NOTICE OF MEETING 2017

Chairman and Chairman's voting intentions for undirected proxies

It is proposed that the Chairman of the Meeting be the Chairman of the Board of Directors, Mr. Ian Kowalick. It is the Chairman's intention to vote undirected proxies which he holds as proxy in favour of all resolutions where possible. Mr. Kowalick will hand over the Chair to another Director for the purposes of Resolution 2.

How to vote

You may vote by attending the meeting in person, by proxy or by authorised representative. A corporate shareholder may also appoint a corporate representative.

Voting in person

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at **10.00am WST on 16 November 2017**.

Voting by proxy

A shareholder entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the shareholder. A proxy need not be a shareholder and can be either an individual or a body corporate. If a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the Corporations Act; and
- provides satisfactory evidence of the appointment of its corporate representative.

If such evidence is not received, then the body corporate (through its representative) will not be permitted to act as a proxy.

A shareholder that is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes.

Voting online

Shareholders may vote online at www.linkmarketservices.com.au; To vote online, select 'Investor Login' and enter Arafura Resources Limited or ASX code 'ARU' in the 'Issuer Name' field, your Securityholder Reference Number ('SRN') or Holder Identification Number ('HIN') (which is shown on the front of your Proxy Form), postcode and security code which is shown on the screen and click 'Login'. Select the "Voting" tab and then follow the prompts. You will be taken to have signed and returned your Proxy Form if you vote online in accordance with the instructions given on the website. If you choose to vote online, you must vote by the Proxy Deadline.

Lodgement of proxy forms

To be effective, completed proxy forms must be returned by:

- mail to Arafura Resources Limited, C/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235 Australia
- facsimile +61 2 9287 0309;
- By hand to: Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138

so that they are received no later than 10.00am WST on 14 November 2017.

Proxy forms or proxy voting instruction received after this time will be invalid.

Where the proxy form is executed under power of attorney, the power of attorney must be lodged in like manner as the proxy.

Voting by corporate representative

To appoint a corporate representative, contact the Company's share registry and obtain an Appointment of Corporate Representative form.

ARAFURA RESOURCES LIMITED

NOTICE OF MEETING 2017

Questions and comments by shareholders at the meeting

In accordance with the Corporations Act, a reasonable opportunity will be given to shareholders to ask questions about or make comments on the management of the Company at the meeting.

Similarly, a reasonable opportunity will be given to shareholders to ask the Company's external auditor, BDO Audit (WA) Pty Ltd, questions relevant to:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

Shareholders may also submit written questions to BDO Audit (WA) Pty Ltd if the questions are relevant to the content of the BDO audit report or the conduct of its audit of the Company's financial report for the period ended 30 June 2017. Relevant written questions for BDO Audit (WA) Pty Ltd must be received by mail at the PO Box of the Company (PO Box 5773, St Georges Terrace, Perth, WA 6831) or via email at arafura@arultd.com, no later than the fifth business day before the date of the Meeting.

A list of the relevant written questions together with responses will be made available to shareholders attending the meeting. They will also be placed on the Company's website.

The following details should be included with written questions:

- the **Shareholder's Name**; and
- either the Shareholder's **Security Reference Number (SRN) or Holder Identification Number (HIN)**.

By order of the Board

Dated this 6th day of October 2017.



Peter Sherrington
Company Secretary

ARAFURA RESOURCES LIMITED

EXPLANATORY MEMORANDUM

INTRODUCTION

This Explanatory Memorandum has been prepared to assist shareholders to understand the business to be put to shareholders at the forthcoming Annual General Meeting.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting. Please refer to Annexure A for definitions of capitalised terms in this Notice of Meeting and Explanatory Memorandum.

BUSINESS

Annual Report

The Corporations Act requires the following reports in respect of the year ended 30 June 2017 to be laid before the Annual General Meeting:

- (a) the reports of the Directors and auditors; and
- (b) the annual financial report, including the Company's financial statements.

Neither the Corporations Act nor the Company's constitution requires a vote of Shareholders on the reports or statements.

Each of these reports are contained in the Company's 2017 Annual Report which has been sent to Shareholders and which is available at www.arultd.com.

Shareholders will have a reasonable opportunity at the meeting to ask questions and make comments on these reports and on the business and operations of the Company. Shareholders will also be given a reasonable opportunity to ask the auditor questions about the Auditor's Report and the conduct of the audit of the financial report.

1 Resolution 1 – Remuneration report

The Remuneration Report of the Company for the financial year ending 30 June 2017 is set out in the Directors' Report on pages 25 to 34 of the Company's Annual Report 2017 which was released to the market on 20 September 2017.

The Remuneration Report sets out the Company's remuneration arrangements for the Executive and Non-Executive Directors and Executive employees of the Company.

Members attending the AGM will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

The Corporations Act requires that a resolution be put to the vote that the Remuneration Report be adopted. The Corporations Act expressly provides that the vote is advisory only and the resolution itself does not bind the Directors of the Company. However, whilst the resolution itself does not bind the Directors of the Company, if at least 25% of the votes cast on Resolution 1 are against the resolution in two consecutive years, starting at this 2017 AGM, shareholders will be required to vote at the second of those AGM's on a resolution (a 'spill resolution') that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director / Chief Executive Officer) must stand for re-election. The Company encourages all Shareholders to cast their votes on Resolution 1.

2 Resolution 2 - Re-election of Ian Kowalick as Director

Ian Kowalick retires by rotation in accordance with rule 7.1(d) of the Company's constitution and the provisions of the Corporations Act and, being eligible, offers himself for re-election.

The experience, qualifications and other information about Mr. Kowalick appears below:

Mr. Kowalick was first appointed as Non-Executive Director on 19 December 2002 and has been Non-Executive Chairman since 1 February 2012. He is currently a member of both the Audit and Risk Committee and Remuneration and Nomination Committee.

Mr. Kowalick has qualifications in science, engineering, economics, and finance and has worked in technical and project consulting, economic and business analysis for resource companies, banking, and investment. From 1995 to 2000, he held the most senior management position in the South Australian public sector, and is currently the Chairman of the South Australian Forestry Corporation Board. Ian is a board member of the Northern Territory Power and Water Corporation.

The Directors (excluding Mr. Kowalick) recommend that Shareholders vote in favour of Resolution 2.

ARAFURA RESOURCES LIMITED

EXPLANATORY MEMORANDUM

3 Resolution 3 – Re-election of Chris Tonkin as Director

Chris Tonkin retires by rotation in accordance with rule 7.1(d) of the Company's constitution and the provisions of the Corporations Act and, being eligible, offers himself for re-election.

The experience, qualifications and other information about Mr. Tonkin appears below:

Mr. Tonkin was first appointed as Non-Executive Director on 1 January 2011. In early 2012, Chris was appointed Chief Executive Officer and Managing Director of Arafura Resources Limited and assisted the company through a difficult period before stepping down to concentrate on his project advisory activities as Executive Director of Capital Advisory Services Pty Ltd and Managing Director of Catalyst Capital Solutions Pty Ltd.

Chris Tonkin has over 35 years' experience as a senior business executive with a broad industry background in business generation, management, and strategy development. He began his career as a metallurgist and environmental specialist, diversifying into commercial roles at several major industrial companies and subsequently project finance, corporate and project advisory roles at AIDC, The Chase Manhattan Bank, KPMG Corporate Finance and ANZ, where he was Head of Natural Resources Project Finance for many years, leading a very successful team of project financiers.

Chris is a Graduate of the Australian Institute of Company Directors and a Member of the Finance and Treasury Association. He is a member of Arafura Resources' Remuneration and Nomination and Audit and Risk Committees and is also Chairman of Lakes Oil NL.

The Directors (excluding Mr. Tonkin) recommend that Shareholders vote in favour of Resolution 3.

4 Resolution 4 – Approval of Arafura Resources Limited Employee Option Plan

Resolution 4 seeks Shareholder approval in accordance with Listing Rule 7.2, Exception 9(b) for the approval of the issue of securities under the Arafura Resources Limited Employee Option Plan (**2017 Option Plan**).

For the purpose of Listing Rule 7.2 Exception 9(b), a summary of the terms of the plan are set out in Annexure B.

Resolution 4 is an ordinary resolution.

The main purposes of the plan are to give an incentive to the 'Eligible Executives' to provide dedicated and ongoing commitment and effort to the Company aligning the interests of both employees and Shareholders and for the Company to reward Eligible Executives for their efforts. The plan will also enable the Company to attract and retain skilled and experienced personnel and align their interests with the Company's. The plan contemplates the issue to Eligible Executives of Options.

The definition of Eligible Executives under the plan includes employees and Directors.

Listing Rule 7.1 places restrictions on the number of Equity Securities, including options, which a listed company may issue in any 12 months. However, certain issues are exempt from this Listing Rule and are effectively disregarded for the purposes of counting the number of securities which a company may issue.

Exempt issues include an issue of securities to persons participating in an employee incentive scheme where Shareholders have approved the issue of securities under the scheme as an exemption from Listing Rule 7.1. Shareholder approval must be given in a general meeting held not more than 3 years before the date of issue where the Notice contains or is accompanied by certain prescribed information (set out below).

In order to take advantage of the exemption from Listing Rule 7.1 and allow the Company greater flexibility to issue securities, Shareholders are requested to approve the plan as an exemption from Listing Rule 7.1.

This approval will be effective for a period of 3 years from the date of the passing by Shareholders of Resolution 4.

The Company currently has in place an option plan that was approved by Shareholders for the purposes of Listing Rule 7.2, Exception 9(b) on 18 November 2016. However, the Directors have decided to prepare the 2017 Option Plan in light of the recent changes to the legislative and regulatory regime that governs employee incentive schemes.

Accordingly, the Directors wish to propose the 2017 Option Plan to allow the Company greater flexibility to issue the Options within the exemption from Listing Rule 7.1.

All Options issued under the Company's previous option plan will remain current until their expiry or exercise in accordance with their terms. No further issues will be made under that plan.

For the purposes of Listing Rule 7.2, Exception 9(b), no Options have been issued under the 2017 Option Plan.

A voting exclusion statement is set out in the Notice for this Resolution.

ARAFURA RESOURCES LIMITED

EXPLANATORY MEMORANDUM

Resolution 5 – Approval of Arafura Resources Limited Performance Rights Plan

Resolution 5 seeks Shareholder approval in accordance with Listing Rule 7.2, Exception 9(b) for the approval of the issue of securities under the Arafura Resources Limited Performance Rights Plan (**Performance Rights Plan**).

For the purpose of Listing Rule 7.2 Exception 9(b), a summary of the terms of the plan are set out in Annexure C.

Resolution 5 is an ordinary resolution.

The main purposes of the plan are to give an incentive to the 'Eligible Executives' to provide dedicated and ongoing commitment and effort to the Company aligning the interests of both employees and Shareholders and for the Company to reward Eligible Executives for their efforts. The plan will also enable the Company to attract and retain skilled and experienced personnel and align their interests with the Company's. The plan contemplates the issue to Eligible Executives of rights which carry the entitlement to be issued Shares on satisfaction of performance conditions determined by the Board (**Rights**).

The definition of Eligible Executives under the plan includes employees and Directors.

Listing Rule 7.1 places restrictions on the number of Equity Securities, including rights, which a listed company may issue in any 12 months. However, certain issues are exempt from this Listing Rule and are effectively disregarded for the purposes of counting the number of securities which a company may issue.

Exempt issues include an issue of securities to persons participating in an employee incentive scheme where Shareholders have approved the issue of securities under the scheme as an exemption from Listing Rule 7.1. Shareholder approval must be given in a general meeting held not more than 3 years before the date of issue where the Notice contains or is accompanied by certain prescribed information (set out below).

In order to take advantage of the exemption from Listing Rule 7.1 and allow the Company greater flexibility to issue securities, Shareholders are requested to approve the plan as an exemption from Listing Rule 7.1.

This approval will be effective for a period of 3 years from the date of the passing by Shareholders of Resolution 5.

Accordingly, the Directors wish to propose the Performance Rights Plan to allow the Company greater flexibility to issue the Rights within the exemption from Listing Rule 7.1.

For the purposes of Listing Rule 7.2, Exception 9(b), no Rights have been issued under the Performance Rights Plan.

A voting exclusion statement is set out in the Notice for this Resolution.

Resolution 6 – Approval of 10% Placement Capacity

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its Annual General Meeting to allow it to issue quoted Equity Securities up to 10% of its issued capital (**10% Placement Capacity**). The 10% Placement Capacity is in addition to the Company's 15% annual placement capacity granted under Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a market capitalisation of \$60,158,604 based on the number of Shares on issue at 29 September 2017 (being 546,896,402) and the last trading price of Shares on ASX on that date (\$0.11). The Company is expected to be an Eligible Entity at the time of the Meeting.

The resolution seeks Shareholder approval to enable the Company to issue Equity Securities under the 10% Placement Capacity throughout the 12 months after the Annual General Meeting.

If Shareholders approve Resolution 6, the number of Equity Securities which the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out below).

The effect of Resolution 6 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 6 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) must be in favour of Resolution 6 for it to be passed.

The Company is seeking approval to issue securities under the 10% Placement Capacity as it provides additional flexibility and capacity to the fund raising alternatives that would otherwise normally be available to the Company.

ARAFURA RESOURCES LIMITED

EXPLANATORY MEMORANDUM

Listing Rule 7.1A

Listing Rule 7.1A enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has 1 class of quoted Equity Securities on issue, being the Shares (ASX Code: ARU) and Options on issue.

The exact number of quoted Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

'A' is the number of Shares on issue 12 months before the date of issue or agreement to issue:

- (i) plus the number of Shares issued in the previous 12 months under an exception in Listing Rule 7.2;
- (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
- (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4.; and
- (iv) less the number of Shares cancelled in the previous 12 months.

'D' is 10%.

'E' is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under Listing Rule 7.1 or 7.4.

Regulatory Requirements

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to Resolution 5:

(a) Minimum Price

Equity Securities issued under the 10% Placement Facility must be in the same class as an existing class of quoted Equity Securities of the Company. As at the date of this Notice, the Company has on issue one class of Equity Securities quoted on ASX, being the Shares.

The issue price of equity Securities issued under the 10% Placement Facility must not be lower than 75% of the volume-weighted average market price for securities in the same class calculated over the 15 trading days on which trades in that class were concluded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid);

(c) Risk of Voting Dilution

As at the date of this Notice, the Company has 546,896,402 Shares on issue and for the purposes of the examples set out in the table below (and for simplicity) variable 'A' is 495,550,814 Shares.

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

There is a risk that:

- (i) The market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) The Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

ARAFURA RESOURCES LIMITED

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If Resolution 6 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2) incorporating the assumptions listed below the table.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable A) in ASX Listing Rule 7.1A(2)	Dilution			
	Issue Price (Per Share)	50% Decrease in Issue Price (\$0.055)	Issue Price (\$0.11)	50% Increase in Issue Price (\$0.165)
495,550,814 (Current Variable A)	Shares Issued - 10% Voting Dilution	49,555,081 Shares	49,555,081 Shares	49,555,081 Shares
	Funds Raised	\$2,725,529	\$5,451,059	\$8,176,588
743,326,221 (50% Increase in Variable A)	Shares Issued - 10% Voting Dilution	74,332,622 Shares	74,332,622 Shares	74,332,622 Shares
	Funds Raised	\$4,088,294	\$8,176,588	\$12,264,883
991,191,628 (100% Increase in Variable A)	Shares Issued - 10% Voting Dilution	99,119,163 Shares	99,119,163 Shares	99,119,163 Shares
	Funds Raised	\$5,451,554	\$10,903,108	\$16,354,662

The above has been prepared in accordance with ASX Listing Rule 7.3A.2 to show potential dilution scenarios.

The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above has been prepared on the following assumptions:

1. Variable A is 495,550,814 Shares.
2. The issue price set out above is the last trading price of the Shares on ASX on the date of this Notice.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares.
6. No Options are exercised into Shares before the date of issue of any Shares pursuant to ASX Listing Rule 7.1A.
7. The calculations above do not show the dilution that any one particular Shareholder will be subject to by reason of placement under the 10% Placement Capacity. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
8. This table does not set out any dilution pursuant to placement capacity under Listing Rule 7.1.
9. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (a) non-cash consideration for the acquisition of the new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- (b) cash consideration. In such circumstances, the Company intends to use the funds raised towards the completion of pilot plant testing and analysis, to further progress Definitive Feasibility Studies and Environmental Studies on the Nolans Project, and general working capital.

The Company will provide further information at the time of issue of any Equity Securities under the 10% Placement Facility in compliance with its disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A.

ARAFURA RESOURCES LIMITED

EXPLANATORY MEMORANDUM

Allocation under the 10% Placement Capacity

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (a) the purpose of the issue;
- (b) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (c) the effect of the issue of the Equity Securities on the control of the Company;
- (d) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (e) prevailing market conditions; and
- (f) advice from corporate, financial and broking advisers (if applicable).

Issues in the last 12 months

The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its annual general meeting held on 18 November 2016. The Company has not issued any Equity Securities under that Shareholder approval.

In accordance with Listing Rule 7.3A.6 the total number of Equity Securities issued in the 12 months preceding the date of the Notice is 107,680,758 Equity Securities representing a 24% increase in the number of Equity Securities on issue at the commencement of the 12 month period.

The Company has issued the following Equity Securities in the 12 months preceding the date of the Notice:

	Date	Investor	Number and class of Equity Security	Price (\$)	Key terms	Amount raised/ Value (\$)
1	23 February 2017	Sophisticated and Institutional Investors	53,100,588 fully paid ordinary shares	\$0.068	Same as existing ordinary shares on issue	\$3,610,840*
2	27 February 2017	Sophisticated Investor	300,000 fully paid ordinary shares	\$0.068	Same as existing ordinary shares on issue	\$20,400*
3	5 April 2017	Existing Shareholders under a Share Purchase Plan	52,225,170 fully paid ordinary shares	\$0.060	Same as existing ordinary shares on issue	\$3,133,510*
4	31 July 2017	Arafura Employees under Arafura's Employee Options Plan	2,055,000 unlisted options.	Nil issue price	The issue of 2,055,000 options exercisable at \$0.15 each on or before 30 June 2021.	Nil amount raised. Non-cash consideration valued at \$40,415 using Black Scholes method.

**The total cash raised under this initiative remains held in Term Deposit. Arafura intends to use these funds for ongoing piloting and commercialisation of the Nolans Rare Earths Project.*

Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 6.

ARAFURA RESOURCES LIMITED

ANNEXURE A - DEFINITIONS

The meanings of capitalised terms used in this Notice of Meeting and Explanatory Memorandum are set out below:

2017 Option Plan has the meaning given in the Explanatory Memorandum for Resolution 4.

AGM or **Meeting** means the Company's annual general meeting to be held on 16 November 2017 at 10 a.m. WST.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to the term 'associate' in Chapter 19 of the Listing Rules.

Associated Bodies Corporate means:

- (a) a body corporate that is a related body corporate of the Company;
- (b) a body corporate that has Voting Power in the Company of not less than 20%; or
- (c) a body corporate in which the Company has Voting Power of not less than 20%.

ASX means the ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.

Board means the board of Directors.

Casual Employee means an individual who is, or might reasonably be expected to be, engaged to work the number of hours that are the pro rata equivalent of 40% or more of a comparable full-time position with a member of the Group.

Closely Related Parties ('CRP') of a KMP means; spouse or child of the KMP, a child of the KMP's spouse, a dependent of the KMP or KMP's spouse, anyone else who is a member of the KMP's family and may be expected to influence the KMP or be influenced by the KMP, in the KMP's dealing with the Company, a company the KMP controls or a person prescribed by the Corporations Regulations.

Company or **Arafura** means Arafura Resources Limited ABN 22 080 933 455.

Contractor means:

- (a) an individual with whom a member of the Group has entered into a contract for the provision of services under which the individual performs work for that member of the Group; or
- (b) a company with whom a member of the Group has entered into a contract for the provision of services under which an individual, who is a director of the company or their spouse, performs work for that member of the Group,

where the individual who performs the work under or in relation to the contract is, or might reasonably be expected to be, engaged to work the number of hours that are the pro rata equivalent of 40% or more of a comparable full-time position with the member of the Group.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a Director of the Company.

Eligible Entity has the meaning given in the Explanatory Memorandum for Resolution 6.

Eligible Executive means an Executive nominated by the Board and whom the Board determines in its absolute discretion is to participate in the 2017 Option Plan or the Performance Rights Plan (as applicable) and who has not given or been given a notice of termination of employment.

Equity Security has the meaning given in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum to the Notice.

Executive means a person who is at the time of an offer under the 2017 Option Plan or the Performance Rights Plan (as applicable):

- (a) a full or part-time employee (including an executive Director);
- (b) a non-executive Director;
- (c) a Contractor;
- (d) a Casual Employee; or
- (e) a Prospective Participant,
- (f) of a member of the Group.

Group means the Company and its Associated Bodies Corporate.

Key Management Personnel ('KMP') has the meaning given under the Accounting Standards, namely 'key management personnel' are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly and includes any Director (whether executive or otherwise) of the Company.

Listing Rules means the Listing Rules of ASX.

ARAFURA RESOURCES LIMITED

ANNEXURE A - DEFINITIONS

Nominee means: nominee of an Eligible Executive that is one of the following:

- (a) an immediate family member of the Eligible Executive;
- (b) a company whose members comprise no persons other than the Eligible Executive or immediate family members of the Eligible Executive; or
- (c) a corporate trustee of a self-managed superannuation fund (within the meaning of the Superannuation Industry (Supervision) Act 1993 (Cth)) where the Eligible Executive is a director of the trustee.

Notice or **Notice of Annual General Meeting** means this Notice of Annual General Meeting.

Option means an unlisted option to acquire a Share.

Participant means an Eligible Executive who is deemed to have accepted an offer under the 2017 Option Plan or the Performance Rights Plan (as applicable) and to whom an Option or Right is (or is to be) issued under either plan, or its Nominee (as the context requires).

Performance Rights Plan has the meaning given in the Explanatory Memorandum for Resolution 5.

Prospective Participant means a person to whom an offer is made under the 2017 Option Plan or the Performance Rights Plan (as applicable) but who can only accept that offer if an arrangement has been entered into that will result in the person becoming covered by one of paragraphs (a) to (d) of the definition of Executive.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the report commencing on page 25 of the Company's 2017 Annual Report which was released to the market on 20 September 2017.

Retirement in relation to a Participant means the retirement by the Participant from employment or engagement by any member of the Group.

Resolution means a resolution contained in the Notice.

Rights has the meaning given in the Explanatory Memorandum for Resolution 5.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company

Total and Permanent Disablement means in relation to a Participant means that the Participant has, in the opinion of the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Participant unlikely ever to engage in any occupation for which he or she is reasonably qualified by education, training or experience.

WST means Western Australian Standard Time.

Voting Power has the meaning given in section 610 of the Corporations Act.

ARAFURA RESOURCES LIMITED

ANNEXURE B - SUMMARY OF EMPLOYEE OPTION PLAN

In this Annexure B, references to 'Plan' mean references to the 2017 Option Plan.

The key terms of the Plan are as follows:

- (a) The Board may offer Options to Eligible Executives in the form of an 'Offer Document'.
- (b) The Board may offer Options to Eligible Executives having regard to the seniority of the Eligible Executive and the position the Eligible Executive occupies in the Group, each Eligible Executive's length of service with the Group, the record of employment of the Eligible Executive with the Group, the contribution the Eligible Executive has made to the Group, the potential contribution of the Eligible Executive to the Group and any other matters which the Board considers relevant.
- (c) No issue price is payable for the Options and the Offer Document will set out (among other things) the number of Options offered, the exercise price for an Option, the date the Options will expire and any other information required by law or the Listing Rules or considered by the Board to be relevant.
- (d) Upon receipt of an offer, an Eligible Executive may, by notice in writing to the Board, nominate a Nominee in whose favour the Eligible Executive wishes to renounce the offer. The Board may, in its discretion, resolve not to allow a renunciation of an offer in favour of a Nominee without giving any reason for that decision.
- (e) Each Option will entitle a Participant to subscribe for and be issued one Share at the exercise price set out in the offer.
- (f) Options may not be transferred.
- (g) Options will not be quoted on ASX.
- (h) Any Shares issued on exercise of Options will rank equally with all existing Shares on issue.
- (i) the Board may determine (at any time) that some or all Options are or will become exercisable immediately if:
 - (1) a takeover bid (as defined in the Corporations Act) is made in respect of Shares and both the bidder obtains Voting Power in the Company of 50% or more and the takeover offers are made or declared unconditional (other than for the happening of the events or circumstances set out in section 652C(1) and (2) of the Corporations Act or the condition set out in section 625(3) of the Corporations Act); or
 - (2) a transaction by way of compromise or arrangement under Part 5.1 of the Corporations Act is approved by the requisite majorities of members of the Company at a meeting convened in accordance with the order of a court under section 411(1) of the Corporations Act; or
 - (3) an event or transaction by which an entity becomes or is to become the registered holder of more than 50% of the total issued Shares is approved or accepted by a majority of members of the Company.
- (j) An Option not exercised will lapse on the first to occur of:
 - (1) the expiry date of the Option as set out in the Offer Document;
 - (2) the expiry of 30 days, or any longer period which the Board determines, after the Participant ceases to be employed or engaged by any member of the Group for any reason, including death, Total and Permanent Disablement or Retirement; and
 - (3) a determination of the Board that the Participant has acted fraudulently, dishonestly or in breach of the Participant's obligations to the Company or any member of the Group and that the Option is to be forfeited.
- (k) The Board may, in its sole discretion, before an Option expires, determine that an Option will not lapse under the circumstances set out in paragraph (j) above if the Participant has ceased to be employed by any member of the Group as a result of:
 - (1) Total and Permanent Disablement, ill health, death, economic necessity or any other factor not attributable to the conduct or performance of that person; or
 - (2) Retirement under circumstances that are not related to the conduct or performance of that person,
in which case the Option will, subject to the Plan, remain exercisable by the Participant (or, where applicable, the Participant's executor, administrator or legal personal representative) until the date determined by the Board or until the Option otherwise lapses in accordance with the Plan.
- (l) The Board may stipulate in an Offer Document (or elsewhere) that Options may only be exercised if the Company (or a business division) achieves stipulated performance hurdles.
- (m) If, when making an offer of Options under the Plan, the Company does so in reliance on ASIC Class Order [CO 14/1000], it must, at the time of making the offer, have reasonable grounds to believe that the number of Shares that have been, or may be, issued in any of the circumstances covered by the following paragraphs will not exceed 5% of the total number of Shares:
 - (1) Shares that may be issued under the offer or any other offer to be made under the Plan (to the extent offered in reliance on ASIC Class Order [CO 14/1000]);

ARAFURA RESOURCES LIMITED

ANNEXURE B - SUMMARY OF EMPLOYEE OPTION PLAN

- (2) Shares issued or that may be issued as a result of offers made at any time during the previous three year period under:
 - (3) the Plan or any other Employee Incentive Scheme in reliance on ASIC Class Order [CO 14/1000] or its predecessors; or
 - (4) an ASIC exempt arrangement of a similar kind to an Employee Incentive Scheme.
- (n) Offers of Options made or Shares issued other than in reliance on ASIC Class Order [CO 14/1000] or its predecessors (such as offers received outside of Australia or under an exception in section 708 of the Corporations Act) will not be included in calculating the 5% limit.

ARAFURA RESOURCES LIMITED

ANNEXURE C - SUMMARY OF PERFORMANCE RIGHTS PLAN

In this Annexure C, references to “Plan” mean references to the Performance Rights Plan.

The key terms of the Plan are as follows:

- (a) The Board may offer Rights to Eligible Executives in the form of an ‘Offer Document’.
- (b) The Board may offer Rights to Eligible Executives having regard to the seniority of the Eligible Executive and the position the Eligible Executive occupies in the Group, each Eligible Executive’s length of service with the Group, the record of employment of the Eligible Executive with the Group, the contribution the Eligible Executive has made to the Group, the potential contribution of the Eligible Executive to the Group and any other matters which the Board considers relevant.
- (c) No issue price is payable for the Rights.
- (d) No payment is required on vesting or exercise of a Right.
- (e) The Offer Document will set out (among other things) the number of Rights offered, the performance conditions that must be satisfied or circumstances which must exist before a Right vests, the period for satisfaction of a performance condition and any other information required by law or the Listing Rules or considered by the Board to be relevant.
- (f) Upon receipt of an offer, an Eligible Executive may, by notice in writing to the Board, nominate a Nominee in whose favour the Eligible Executive wishes to renounce the offer. The Board may, in its discretion, resolve not to allow a renunciation of an offer in favour of a Nominee without giving any reason for that decision.
- (g) Each Right which vests will entitle a Participant to be issued one Share.
- (h) Rights will be automatically exercised when the Rights vest.
- (i) Rights may not be transferred unless by force of law or upon death to the Participant’s legal personal representative or upon bankruptcy to the Participant’s trustee in bankruptcy.
- (j) Rights will not be quoted on ASX.
- (k) Any Shares issued on exercise of Rights will rank equally with all existing Shares on issue.
- (l) the Board may determine (at any time) that some or all Rights will vest are or will become exercisable immediately if:
 - (1) a takeover bid (as defined in the Corporations Act) is made in respect of Shares and both the bidder obtains Voting Power in the Company of 50% or more and the takeover offers are made or declared unconditional (other than for the happening of the events or circumstances set out in section 652C(1) and (2) of the Corporations Act or the condition set out in section 625(3) of the Corporations Act); or
 - (2) a transaction by way of compromise or arrangement under Part 5.1 of the Corporations Act is approved by the requisite majorities of members of the Company at a meeting convened in accordance with the order of a court under section 411(1) of the Corporations Act; or
 - (3) an event or transaction by which an entity becomes or is to become the registered holder of more than 50% of the total issued Shares is approved or accepted by a majority of members of the Company.
- (m) A Right not exercised will lapse on the first to occur of:
 - (1) the expiry date of the Right as set out in the Offer Document;
 - (2) the expiry of 30 days, or any longer period which the Board determines, after the Participant ceases to be employed or engaged by any member of the Group for any reason, including death, Total and Permanent Disablement or Retirement;
 - (3) a determination of the Board that the Participant has acted fraudulently, dishonestly or in breach of the Participant’s obligations to the Company or any member of the Group and that the Option is to be forfeited; and
 - (4) a determination of the Board that there has been a failure to meet any performance condition applicable to the Right within the required period.
- (n) The Board may, in its sole discretion, before a Right expires, determine that a Right will not lapse under the circumstances set out in paragraph (m) above if the Participant has ceased to be employed by any member of the Group as a result of:
 - (1) Total and Permanent Disablement, ill health, death, economic necessity or any other factor not attributable to the conduct or performance of that person; or
 - (2) Retirement under circumstances that are not related to the conduct or performance of that person,in which case the Right will, subject to the Plan, remain exercisable by the Participant (or, where applicable, the Participant’s executor, administrator or legal personal representative) until the date determined by the Board or until the Right otherwise lapses in accordance with the Plan.

ARAFURA RESOURCES LIMITED

ANNEXURE C - SUMMARY OF PERFORMANCE RIGHTS PLAN

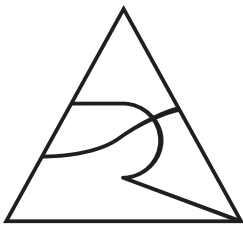
- (o) If, when making an offer of Rights under the Plan, the Company does so in reliance on ASIC Class Order [CO 14/1000], it must, at the time of making the offer, have reasonable grounds to believe that the number of Shares that have been, or may be, issued in any of the circumstances covered by the following paragraphs will not exceed 5% of the total number of Shares:
- (1) Shares that may be issued under the offer or any other offer to be made under the Plan (to the extent offered in reliance on ASIC Class Order [CO 14/1000]);
 - (2) Shares issued or that may be issued as a result of offers made at any time during the previous three year period under:
 - (3) the Plan or any other Employee Incentive Scheme in reliance on ASIC Class Order [CO 14/1000] or its predecessors; or
 - (4) an ASIC exempt arrangement of a similar kind to an Employee Incentive Scheme.
 - (p) Offers of Rights made or Shares issued other than in reliance on ASIC Class Order [CO 14/1000] or its predecessors (such as offers received outside of Australia or under an exception in section 708 of the Corporations Act) will not be included in calculating the 5% limit.

ARAFURA RESOURCES LIMITED

ANNEXURE D - PROXY FORM INSTRUCTIONS

INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this Annual General Meeting as the shareholder's proxy. A proxy need not be a shareholder of the Company.
2. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
3. The proxy form must be signed personally by the shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed under either the common seal of the corporation or under the hand of an officer of the Company or its duly authorised attorney. In the case of joint shareholders, this proxy must be signed by at least one of the joint shareholders, personally or by a duly authorised attorney.
4. If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
5. To be effective, forms to appoint proxies must be received by the Company no later than 48 hours before the time appointed for the holding of this Meeting, **that is by 10 a.m WST on 14 November 2017** by post, facsimile or hand delivery to the respective addresses stipulated in the proxy form.
6. If a person present at a general meeting represents personally or by proxy, attorney or representative more than one member, on a show of hands the person is entitled to one vote only even though he or she represents more than one member.
7. A joint holder may vote at a meeting either personally or by proxy, attorney or representative as if that person was the sole holder. If more than one joint holder tenders a vote in respect of the relevant shares, the vote of the holder named first in the register who tenders a vote, whether in person or by proxy, attorney or representative, must be accepted to the exclusion of the votes of the other joint holders.
8. Unless the proxy form provides differently, the proxy has the same rights to speak, demand a poll, join in demanding a poll or act generally at the meeting as the member would have had if the member was present.
9. Unless otherwise provided in the proxy form, an appointment will be taken to confer authority:
 - (a) even though the instrument may refer to specific resolutions and may direct the proxy, attorney or representative how to vote on those resolutions, to do any of the following acts:
 1. to vote on any amendment moved to the proposed resolutions and on any motion that the proposed resolutions not be put or any similar motion;
 2. to vote on any procedural motion, including any motion to elect the chairperson, to vacate the chair or to adjourn the meeting; and
 3. to act generally at the meeting; and
 - (b) even though the instrument may refer to a specific meeting to be held at a specified time or venue where the meeting is rescheduled or adjourned to another time or changed to another venue, to attend and vote at the re-scheduled or adjourned meeting or at the new venue.



A R A F U R A
RESOURCES LIMITED
ABN 22 080 933 455


LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **BY MAIL**
Arafura Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

 **BY FAX**
+61 2 9287 0309

 **BY HAND**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138

 **ALL ENQUIRIES TO**
Telephone: +61 1300 554 474

PROXY FORM

I/We being a member(s) of Arafura Resources Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am (WST) on Thursday, 16 November 2017 at Duxton Hotel, Room 3, 1 St Georges Terrace, Perth WA 6000** (the **Meeting**) and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 4 & 5: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 1, 4 & 5 even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.


STEP 1

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Approval of Arafura Resources Limited Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Ian Kowalick as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Chris Tonkin as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Approval of Arafura Resources Limited Employee Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

 * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 2

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

STEP 3

ARU PRX1701C

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (WST) on Tuesday, 14 November 2017**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

Arafura Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)



COMMUNICATIONS PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.

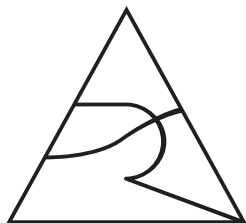


ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**



A R A F U R A
RESOURCES LIMITED

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