



AN EMERGING RARE EARTHS PRODUCER
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22 February 2012

Dear Arafura Shareholder

Offer of Shares under Share Purchase Plan

The Directors of Arafura Resources Limited ('**Company**') are pleased to offer shareholders the opportunity to participate in a Share Purchase Plan ('**Plan**').

Under the Plan eligible shareholders will be given the opportunity to subscribe for up to A\$15,000 of ordinary shares in the Company at a 10% discount to the five-day volume weighted average price (**VWAP**) leading up to and including the closing date of the SPP (**SPP Pricing Period**).

The Plan will be capped at A\$12 million and the Company will scale back applications if they exceed A\$12 million in aggregate.

The Plan provides eligible shareholders with the opportunity to purchase shares at a 10% discount to the VWAP for the Company's shares over the 5 trading days to the close of trade on 9 March 2012. Furthermore no brokerage or other transaction costs will be payable by shareholders in respect of an application for, or issue of, shares under the Plan.

The Plan is not underwritten.

Participation in the Plan is open to all eligible shareholders who, at 5.00 pm (Perth time) on 21 February 2012, are holders of ordinary shares in the Company and whose registered address is in Australia or in New Zealand.

The directors believe that the Capital Raising is an essential step in the Company's growth strategy.

Funds raised will be used to fund ongoing working capital requirements and to progress the Nolans project through further engineering studies which include environmental, mine planning and process flowsheet refinement.

Participation in the Plan is entirely optional and voluntary.

Enclosed are the terms and conditions of the Plan. I urge you to read it in its entirety before deciding whether to apply for shares under the Plan. The offer will close at 5.00pm (Perth time) on 9 March 2012.

To participate in the offer, please:

- (a) return your Application Form, together with your cheque drawn on an Australian bank in Australian dollars; or
- (b) return your Application Form and pay via B-Pay in accordance with the instructions on the Application Form,

so that it is received no later than **5.00 pm (Perth time) on 9 March 2012**

ARAFURA RESOURCES LIMITED

arafura@arafuraresources.com.au www.arafuraresources.com.au ABN 22 080 933 455

PERTH: Level 5/16 St Georges Terrace, Perth WA 6000 | PO Box 3047, Adelaide Terrace, Perth WA 6832 T: +618 6210 7666 F: +618 9221 7966

DARWIN: 18 Menmuir Street, Winnellie NT 0820 | PO Box 37220, Winnellie NT 0821 T: +618 8947 5588 F: +618 8947 5599

WHYALLA: Unit 18, 11 Darling Terrace, Whyalla SA 5600 T: +618 8645 5509 F: +618 8645 1856

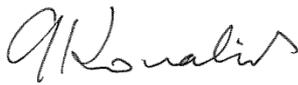
If you are a "custodian" you may be required to submit a custodian certificate to the Company in order to participate on behalf of any beneficiaries for which you are custodian. Please see the terms and conditions of the Plan.

Should you require new forms or further information on the process for participating in the offer please contact the Share Registry on (+61) (08) 9315 2333.

The offer under the Plan does not take into account the individual investment objectives, financial situation or particular needs of each eligible shareholder. You should consider seeking independent financial and taxation advice before making a decision as to whether or not to accept the offer.

On behalf of the Board of Directors, I invite you to consider this opportunity.

Yours faithfully

A handwritten signature in black ink, appearing to read 'I Kowalick', written in a cursive style.

Ian Kowalick
Chairman
Arafura Resources Limited

SHARE PURCHASE PLAN
February 2012

ARAFURA RESOURCES LIMITED
ABN 22 080 933 455

This is an important document.

If you have any doubts as to what you should do,
please consult your stockbroker, accountant
or financial adviser.

OFFER AT A GLANCE

Key dates:

<i>Announcement Date</i>	22 February 2012	Share Purchase Plan is announced to the Market / Date of the Offer
<i>Record Date</i>	21 February 2012	Date for determining Eligible Shareholders
<i>Opening Date</i>	24 February 2012	Offer under Share Purchase Plan opens
<i>SPP Pricing Period</i>	5 March 2012 to 9 March 2012	5 day VWAP calculation period.
<i>Closing Date</i>	9 March 2012	Share Purchase Plan closes at 5.00pm (Perth time) on this date
<i>Allotment Date</i>	14 March 2012	Shares to be issued under Share Purchase Plan are allotted
<i>Despatch Date</i>	15 March 2012	Confirmation of transaction despatched to shareholders

Note: The above dates are indicative only and the Company retains the right to vary these dates without advance notice.

Key offer details:

Issue Price: 10% discount to the 5 day VWAP leading up to and including the closing date of the SPP.

Application Amounts Up to \$15,000.

Minimum amount of \$1,000.

Important Notice:

These materials (including the accompanying Application Form) do not constitute an offer of securities for issue or for sale, or an invitation to subscribe for securities, in any place outside Australia or New Zealand and this offer is only made to shareholders as at the Record Date with a Registered Address in Australia or in New Zealand.

The Share Purchase Plan may be varied, suspended or terminated by the Board at any time at the Board's absolute discretion without advance notice.

Neither the Company nor the Board accepts or assumes any liability to shareholders by reason of variation, suspension or termination of the Plan.

The acquisition of Shares in the Company under the Plan will have different ramifications depending upon the circumstances of each Eligible Shareholder.

These materials do not take into account the individual investment objectives, financial situation or particular needs of each Eligible Shareholder. Eligible Shareholders wanting to participate in the Plan should obtain independent advice in relation to the taxation and other consequences of an investment under the Plan before making a decision as to whether or not to participate in the Plan.

The Company reserves the right to refuse any application made where, for example, a cheque is dishonoured or the Application Form is incomplete or invalid.

Application Forms received after 5.00pm (Perth time) on the Closing Date will not be accepted (unless the Company determines otherwise in its absolute discretion).

QUESTIONS AND ANSWERS

What is the Share Purchase Plan?

The Share Purchase Plan ('Plan') provides Eligible Shareholders with the opportunity to purchase additional Shares in the Company without incurring brokerage or other transaction costs.

The offer of shares is made under the Plan.

The Plan is governed by the Plan Rules (see Annexure A to this Plan booklet) which contains the terms and conditions, as well as some important definitions. Shares issued under the Plan will rank equally in every respect with existing issued fully paid ordinary Shares.

Why is the Company issuing more Shares?

The Company wishes to use the funds raised to provide ongoing working capital and to progress the Nolans project through further engineering studies which include environmental, mine planning and process flowsheet refinement.

Am I an Eligible Shareholder?

All shareholders as at the Record Date with a Registered Address in Australia or New Zealand are eligible to participate in the Plan. The Company is not making this offer to shareholders with Registered Addresses in countries outside Australia and New Zealand (on the basis that it is not practical for the Company to offer and issue Shares to persons with Registered Addresses in jurisdictions outside of Australia and New Zealand).

A registered holder who is a custodian, trustee or nominee within the definition of "custodian" in ASIC Class Order [CO 09/425] will need to submit a custodian certificate in order to participate on behalf of any beneficiaries. A custodian certificate can be obtained by contacting the Share Registry on (+61) (08) 9315 2333.

Are Eligible Shareholders required to participate in the Plan?

Participation in the Plan is optional for Eligible Shareholders. If an Eligible Shareholder wants to participate in the Plan, it may purchase Shares in accordance with the Plan Rules. If an Eligible Shareholder does not want to participate in the Plan, then they should take no action in relation to the offer.

Before deciding on whether to participate in the Plan, and in particular before completing any Application for Shares, you should consider the Company's disclosures of operating and financial performance and, if necessary, consult your financial adviser.

How much can I invest under the Plan?

Eligible Shareholders may subscribe for a parcel of Shares valued at up to \$15,000.

The maximum number of Shares that will be issued under the Plan is subject to the issue price but capped at \$12,000,000. The Company will undertake a Scaleback if Applications exceed \$12,000,000 in aggregate.

If the Company undertakes a Scaleback, the number of Shares applied for on each Application will be scaled back on a pro-rata basis and any difference in purchase price will be refunded by the Company without interest following allotment.

Can I apply for more than \$15,000 worth of shares?

No. Eligible Shareholders may not subscribe for a parcel of Shares valued at more than the limit of \$15,000.

Can I apply for less than \$15,000 worth of shares?

Yes. Eligible Shareholders may subscribe for a parcel of Shares for less than \$15,000 provided they subscribe for at least a minimum of \$1,000.

What is the Issue Price?

The Issue Price will be an 10% discount to the five-day volume weighted average price (**VWAP**) leading up to and

including the closing date of the SPP (**SPP Pricing Period**) on 9 March 2012.

What risks are associated with investing under the Plan?

If the market price of Shares falls below the Issue Price you may be financially disadvantaged by purchasing Shares under the Plan (because the price paid for Shares under the Plan may be higher than the market price for the Company's Shares). You may choose not to participate in the Plan.

When can I sell Shares purchased under the Plan?

Shares issued under the Plan may be sold or transferred on ASX at any time after quotation of the shares. The quotation date is expected to be on or about 15 March 2012. The Company will apply to the ASX for quotation of all Shares issued under the Plan following the processing of those Applications received from Eligible Shareholders by the Closing Date.

How do I apply for Shares under the Plan?

Eligible Shareholders can subscribe for Shares under the Plan in one of two ways, depending upon whether payment is to be made by cheque or by BPay.

To pay by cheque:

Eligible Shareholders must complete the personalised Application Form enclosed with this Plan booklet and return it together with a cheque in payment of the Subscription Amount by post in the enclosed stamped addressed envelope (New Zealand Eligible Shareholders will need to affix the appropriate postage stamp) to:

The Share Registry
770 Canning Highway,
Applecross, WA, 6153.

The Application Form and cheque must be received before 5.00pm (Perth time) on the closing date.

To pay by BPay:

Eligible Shareholders must complete the personalised Application Form enclosed with this Plan booklet and return it to the address specified above and make payment by BPay following the instructions on the Application Form so that the Application Form and BPay payment is received before 5.00pm (Perth time) on the closing date.

What is the Subscription Amount?

The Subscription Amount is calculated as the number of Shares applied for multiplied by the Issue Price.

How many Shares will I receive?

Eligible Shareholders will receive the number of Shares applied for subject to the Company undertaking a Scaleback. The Company may, in its absolute discretion, undertake a Scaleback, including for the purpose of complying with ASX Listing Rule 7.2, Exception 15. If the Company undertakes a Scaleback, the number of Shares applied for on each Application will be scaled back on a pro-rata basis and any difference in purchase price will be refunded by the Company without interest following allotment.

Will the offer be available again?

The Plan is intended to be a one-off offer to Eligible Shareholders, providing them with an opportunity to purchase additional Shares without incurring any brokerage or other transaction costs. However, the Board retains the right to make similar offers under future Share Purchase Plans.

Contact us

If you have any further queries in relation to the Plan, please contact the Share Registry on (+61) (08) 9315 2333.

Applications must be received before 5.00pm (Perth time) on 9 March 2012.

ANNEXURE A**ARAFURA RESOURCES LIMITED**
RULES OF THE SHARE PURCHASE PLAN**1. DEFINITIONS AND INTERPRETATIONS**

1.1 When used in these Rules, the words listed will, except to the extent that the context otherwise requires, have the following meanings:

'Application' means an application for Shares under this Plan;

'Application Form' means a personalised application form pursuant to which Eligible Shareholders may apply for Shares under the Plan;

'ASIC' means the Australian Securities and Investments Commission;

'ASX' means Australian Securities Exchange or ASX Limited, as applicable;

'Board' means the Board of directors of the Company;

'BPAY' means electronic funds transfer of funds using details contained on the Application Form;

'Company' means Arafura Resources Limited ABN 22 080 933 455;

'Constitution' means the constitution of the Company;

'Custodian' means a registered holder of Shares:

- (a) that holds an Australian financial services licence that:
 - (i) covers the provision of a custodial or depository service; or
 - (ii) includes a condition requiring the holder to comply with the requirements of ASIC Class Order [CO 02/294]; or
- (b) that is exempt under: - (1) paragraph 7.6.01(1)(k) or 7.6.01(na) of the Corporations Regulations 2001 (Cth); or (2) ASIC Class Order [CO 05/1270] to the extent that it relates to ASIC Class Order [CO 03/184]; or (3) ASIC Class Orders [CO 03/1099, [CO 03/1100], [CO 03/1101], [CO 03/1102], [CO 04/829] or [CO 04/1313]; or (4) an individual instrument of relief granted by ASIC to the person in terms similar to one of the class orders referred to in sub-paragraph (3); or (5) paragraph 911A(2)(h) of the Corporations Act, from the requirement to hold an Australian financial services licence for the provision of a custodial or depository service; or
- (c) that is a trustee of a self-managed superannuation fund or a superannuation master trust; or
- (d) that is the responsible entity of an IDPS-like scheme; or
- (e) that is the registered holder of Shares and is noted on the register of members of the Company as holding the Shares on account of another person.

'Directors' means the directors of the Company;

'Eligible Shareholder' means a shareholder in the Company as at the Record Date with a Registered Address in Australia or in New Zealand;

'Issue Price' means an 10% discount to the 5 day volume weighted average price (**VWAP**) leading up to and including the closing day of the SPP (**SPP Pricing Period**) on 9 March 2012.

'Plan' means this share purchase plan;

'Plan Rules' or **'Rules'** means these rules and includes the Application Form;

'Registered Address' means the address of an Eligible Shareholder as shown in the Share Register;

'Scaleback' means a pro-rata reduction in the number of Shares allotted to Eligible Shareholders who lodge an Application. The Company has full discretion in deciding whether to Scaleback Applications;

'Share' means a fully paid ordinary share in the Company;

'Share Register' means the register of all shareholders of the Company maintained by the Share Registry;

'Share Registry' means Security Transfer Registrars Pty Ltd, 770 Canning Highway, Applecross, Western Australia, Australia, 6153; and

'Subscription Amount' means the dollar amount calculated by multiplying the number of Shares applied for by the Issue Price.

- 1.2 Words importing the singular include the plural and vice versa, words importing any gender include other genders and 'person' includes a corporation.
- 1.3 A reference to dollars or \$ is a reference to Australian dollars.

2. OFFER TIMETABLE

- 2.1 This offer is dated and taken to be made on 22 February 2012.
- 2.2 This offer opens on the 24 February 2012 (**'Opening Date'**).
- 2.3 Only those shareholders recorded in the Share Register as at 5.00pm (Perth time) on 21 February 2012 (**'Record Date'**) with a Registered Address in Australia or in New Zealand will be eligible to participate in the Plan.
- 2.4 This offer closes at 5.00pm (Perth time) on 9 March 2012 or such other time and date as determined by the Company and announced in writing to shareholders (**'Closing Date'**). All Application Forms and payment of the Subscription Amount must be received by the Share Registry before the Closing Date.
- 2.5 It is intended that Shares will be allotted on or about the fifth business day after the Closing Date (**'Allotment Date'**).
- 2.6 Any Scaleback will be announced on the Allotment Date. The Company expects refund cheques in payment of any Scaleback amount will be despatched on or about the fifth business day after the Closing Date (**'Scaleback Refund Date'**).
- 2.7 The Company anticipates trading on ASX of new Shares issued under the Plan will commence on or about 15 March 2012.
- 2.8 The Company has the discretion to change, at any time, any of these dates, regardless of whether the offer has opened or Applications have been received.

3. PARTICIPATION IN THE PLAN

- 3.1 Participation in the Plan is subject to these Rules. The offer made under this Plan is made only to Eligible Shareholders.
- 3.2 This offer is non-renounceable (that is, Eligible Shareholders are not permitted to transfer their entitlement to any Shares offered under the Plan).

- 3.3 The Board may refuse to accept or may suspend or withdraw any Application if that Application might:
- (a) prejudice the effective operation of the Plan; or
 - (b) give rise to breaches of applicable laws (whether in Australia or overseas) by the Company or its officers or by Eligible Shareholders or their associates,

and may, in its discretion, reject any Application if:

- (c) it considers that the Application (whether alone or in conjunction with other Applications) does not comply, or it is not reasonably satisfied that the Application (whether alone or in conjunction with other Applications) complies, with the requirements of ASIC Class Order [CO 09/425] (as amended, replaced or supplemented) or any other requirements prescribed by ASIC;
 - (d) a cheque is dishonoured;
 - (e) an Application Form is incomplete or invalid; or
 - (f) it is received after the Closing Date.
- 3.4 It is the responsibility of each Eligible Shareholder to obtain any necessary approvals and consents to enable them to participate in the Plan.
- 3.5 The Directors are entitled (but not obliged) to refuse an Application where an Eligible Shareholder has, in the opinion of the Directors, split a shareholding, or acquired Shares as part of such a split, in order to attempt to increase the number of Shares that may be allotted under the Plan to that Eligible Shareholder or another person.
- 3.6 Eligible Shareholders may only subscribe for a parcel of Shares: -
- (a) for at least a minimum of \$1,000 and
 - (b) up to maximum value of \$15,000.

If the amount of payment tendered is greater than \$15,000 – subject to Scaleback, the Company will allot the maximum of number of Shares to the Eligible Shareholder and will refund the excess application money (without interest) to the Eligible Shareholder.

If the amount of payment tendered is less than the minimum of \$1,000 – the Company will not allot any Shares to the Eligible Shareholder and will refund the application money (without interest) to the Eligible Shareholder.

If the amount of payment tendered is zero or the payment is invalid – the Company will not allot any Shares to the Eligible Shareholder and will refund the application money (without interest) to the Eligible Shareholder.

If the amount of payment tendered does not match the number of shares applied for, then the Company may choose to allot the number of Shares equal to the amount of payment validly tendered.

- 3.7 Eligible Shareholders that receive more than one Application Form under the Plan (for example, if the Eligible Shareholder has more than one shareholding but under separate accounts) may apply on different Application Forms but may not make an Application which will result in the Eligible Shareholder applying for more than \$15,000 worth of Shares under the Plan.
- 3.8 If an Eligible Shareholder is a Custodian and is expressly noted on the Share Register as holding Shares in the Company on behalf of a person (the “**participating beneficiary**”), the Custodian may apply for Shares on behalf of each participating beneficiary, subject to providing a notice in writing to the Company certifying the following:

- (a) either or both of the following:
 - (i) that the Custodian holds Shares on behalf of one or more participating beneficiaries that are not Custodians; and/or
 - (ii) that another Custodian (the "**Downstream Custodian**") holds beneficial interests in Shares on behalf of one or more participating beneficiaries, and the Custodian holds the Shares to which those beneficial interests relate on behalf of the Downstream Custodian or another Custodian,
 - on the date of the Record Date and that each participating beneficiary has subsequently instructed the following persons:
 - (iii) where paragraph (a)(i) applies – the Custodian; and
 - (iv) where paragraph (a)(ii) applies – the Downstream Custodian,
 - to apply for Shares on their behalf under the Plan;
 - (b) the number of participating beneficiaries for which the Custodian holds Shares;
 - (c) the name and address of each participating beneficiary;
 - (d) in respect of each participating beneficiary:
 - (i) where paragraph (a)(i) applies - the number of Shares that the Custodian holds on behalf of each participating beneficiary;
 - (ii) where paragraph (a)(ii) applies - the number of Shares to which the beneficial interests relate;
 - (e) in respect of each participating beneficiary:
 - (i) where paragraph (a)(i) applies - the number or dollar amount of Shares which each participating beneficiary has instructed the Custodian to apply for on their behalf; and
 - (ii) where paragraph (a)(ii) applies – the number or dollar amount of Shares they instructed the Downstream Custodian to apply for on their behalf;
 - (f) that there are no participating beneficiaries in respect of which the total of the application price for the following exceeds \$15,000:
 - (i) the Shares applied for by the Custodian on their behalf under the Plan in accordance with the instructions referred to in paragraph (e) above; and
 - (ii) any other Shares issued to the Custodian in the 12 months before the Application as a result of an instruction given by them to the Custodian or to the Downstream Custodian to apply for Shares on their behalf under an arrangement similar to the Plan.
 - (g) that a copy of the written offer document was given to each participating beneficiary; and
 - (h) where paragraph (a)(ii) above applies – the name and address of each custodian who holds beneficial interests in the Shares held by the custodian in relation to each participating beneficiary.
- 3.9 Eligible Shareholders that are joint holder of Shares in the Company will be taken to be a single registered holder of Shares for the purposes of determining whether they are an Eligible Shareholder and an Application, and certification as part of the Application Form, by one joint holder will be effective in respect of the other joint holders.

- 3.10 The Company has an absolute discretion to accept and treat as valid an Application Form which does not satisfy the provisions of the Plan Rules. The Company may (but will be under no obligation to) correct or amend defective Application Forms on behalf of Eligible Shareholders.
- 3.11 Where the Company rejects an Application, the Company will promptly return to the Eligible Shareholder any relevant application money provided by the Eligible Shareholder to the Company (without interest).

4. APPLICATION TO PARTICIPATE

- 4.1 To participate in the Plan an Eligible Shareholder must follow the instructions on the Application Form and either:
- (a) complete an Application Form and return it to the Share Registry together with a cheque; or
 - (b) complete an Application Form and return it to the Share Registry and make payment by BPay,
- so that the Application Form and cheque or BPay payment is received by the Share Registry by 5.00pm (Perth time) on the Closing Date in accordance with the instructions on the Application Form.
- 4.2 Where payment is by cheque, Application Forms must specify the Subscription Amount (in dollars) and be accompanied by a cheque in payment of the Subscription Amount. Where payment is by BPay, Application Forms must specify the Subscription Amount (in dollars) and the BPay payment must be equivalent to the Subscription Amount. The Company reserves the right to reject any Application where there is non-compliance with this Rule.
- 4.3 Shares issued under the Plan will be issued as ordinary shares at the Issue Price and will be credited as fully paid.
- 4.4 Applications and payments may not be withdrawn once received by the Company.

5. OPERATION OF THE PLAN

- 5.1 By submitting an Application Form, an Eligible Shareholder certifies and represents that:
- (a) in relation to all Shares applied for by the Eligible Shareholder under the Plan, the Eligible Shareholder does not make the Application for any other person in circumstances which might involve any breach of securities laws of any jurisdiction; and
 - (b) it agrees to be bound by the Company's Constitution in respect of all the Shares issued to the Eligible Shareholder under the Plan; and
 - (c) the total price of all Shares purchased (or applied for) by the Eligible Shareholder, or which the Eligible Shareholder has instructed a Custodian to acquire on its behalf, under this offer and/or any similar offer made by the Company in the 12 months prior to the date of submission of the Application Form, does not exceed \$15,000.

6. ISSUE PRICE AND SHARES ISSUED UNDER THE PLAN

- 6.1 The Issue Price is set in Rule 1.1 above and the method used to calculate the Issue Price was a 10% discount to the 5 day VWAP up to and including the closing day of the SPP (**SPP Pricing Period**) on 9 March 2012.
- 6.2 In the absence of a Scaleback and subject to Rule 5.1(c) being true, the number of Shares to be issued to the Eligible Shareholder will be calculated by dividing

the value of the Shares that the Eligible Shareholder applies for by the Issue Price (subject to Rule 3.6 above).

- 6.3 Shares issued under the Plan will rank equally in all respects with existing ordinary fully paid Shares.
- 6.4 Shares issued to Eligible Shareholders under the Plan will be registered on the Share Register.
- 6.5 The Company will promptly, following the allotment and issue of Shares under the Plan:
 - (a) apply to ASX Limited for official quotation by ASX Limited of all new Shares issued under the Plan; and
 - (b) send a confirmation of allotment in respect thereof to the relevant shareholder at the shareholder's Registered Address.

7. COST TO ELIGIBLE SHAREHOLDERS

- 7.1 Subject to Rule 7.2, no brokerage, commission or other transaction costs will be payable by an Eligible Shareholder in respect of Shares issued under the Plan.
- 7.2 In the event of a change in legislation or regulation so that at the date of any allotment or issue stamp duty or any other tax or duty is payable in respect thereof, the amount of such stamp duty or other tax or duty shall be paid by the Eligible Shareholder to whom the Shares are issued and, in respect of each such Share, included in the calculation of the Issue Price.

8. NON-PARTICIPATION

Participation in the Plan is voluntary. It shall be a matter for each Eligible Shareholder to determine whether or not they make an Application for Shares under the Plan.

9. SCALEBACK

- 9.1 The Company will undertake a Scaleback if Applications exceed \$12,000,000 in aggregate. If the Scaleback produces a fractional number of Shares when applied to a parcel of Shares, the number of Shares allocated will be rounded down to the nearest whole number of Shares.
- 9.2 If the Company undertakes a Scaleback, the difference between the value of the Shares allotted and the number of Shares applied for will be refunded (without interest) by cheque mailed on the Scaleback Refund Date (as defined in Rule 2.6 above).

10. BOARD'S POWERS IN RELATION TO THE ADMINISTRATION, VARIATION, SUSPENSION OR TERMINATION OF THE PLAN

- 10.1 The Plan will be administered by the Board of Directors which has the power to:
 - (a) determine appropriate procedures for administration and implementation of the Plan consistent with the Plan Rules and to settle any difficulty which may arise generally or in a particular case, in regard to the Plan as the Board of Directors thinks fit and its determination will bind all shareholders and other persons to whom the determination relates;
 - (b) resolve conclusively all questions of fact or interpretation in connection with the Plan and the Plan Rules; and
 - (c) delegate to any one or more persons for such period and on such conditions as it may determine, the exercise of its powers or discretions arising under the Plan.

- 10.2 The Company and its officers and employees will not be held responsible or liable for any error or omission which occurs in the administration of the Plan.
- 10.3 The Board may vary administrative procedures to be followed in respect of the implementation of the Plan. The procedures may be varied at any time by the Board having regard to ASX or ASIC requirements.
- 10.4 The Board may:
- (a) at its discretion, waive compliance with any provisions of the Plan Rules;
 - (b) at any time modify, vary or amend the Plan and/or the Plan Rules;
 - (c) suspend the operation of the Plan, or withdraw any offer under the Plan, from time to time for any period; or
 - (d) terminate the Plan at any time without any need for giving advance notice to shareholders.

Action by the Board under this Rule 10.4 will be binding on all shareholders even where the Company does not notify shareholders of the event.

11. TAXATION

The Company makes no representations or warranties in respect of, and accepts no responsibility for, the liability of Eligible Shareholders to pay, any tax (including income tax and withholding tax) in respect of any issue of Shares, payment or other transaction pursuant to this Plan.

12. GOVERNING LAW

These Rules are governed by the laws of Western Australia.

Any dispute arising out of or in connection with these Rules, or the offer of Shares, will be determined by the courts of Western Australia. By accepting the offer under the Plan, Eligible Shareholders agree to submit to the exclusive jurisdiction of the courts in Western Australia.

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SHARE PURCHASE PLAN APPLICATION FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

REGISTERED OFFICE:
LEVEL 5
16 ST GEORGES TERRACE
WEST PERTH WA 6000
AUSTRALIA

ARAFURA RESOURCES LIMITED

ABN: 22 080 933 455

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535,
APPLECROSS WA 6953 AUSTRALIA
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Code:

Holder Number:

Record Date:

SHARE PURCHASE PLAN OFFER CLOSING AT 5.00PM WST ON 9th MARCH 2012

THE NUMBER OF NEW SHARES TO BE ISSUED BY THE COMPANY ON THE ISSUE DATE WILL BE DETERMINED ON A SUBSCRIPTION PRICE FOR EACH NEW SHARE EQUAL TO 10% DISCOUNT TO THE VOLUME WEIGHTED AVERAGE PRICE (AS DEFINED IN THE LISTING RULES OF THE AUSTRALIAN SECURITIES EXCHANGE LIMITED) OF EXISTING FULLY PAID ORDINARY SHARES IN THE COMPANY QUOTED ON THE ASX DURING THE PERIOD OF 5 DAYS ON WHICH SALES WERE RECORDED IMMEDIATELY PRIOR TO THE OFFER CLOSING ON 9 MARCH 2012.

(1) I/We, the above mentioned, wish to apply for the number of Fully Paid Ordinary Shares which will be issued in accordance with the Share Purchase Plan (SPP) and the Constitution of the Company as stated below. (please mark "X" to indicate one choice only)

		TOTAL SUBSCRIPTION AMOUNT APPLIED FOR
OFFER A - maximum amount	<input type="checkbox"/>	<input type="text" value="\$15,000.00"/>
OFFER B	<input type="checkbox"/>	<input type="text" value="\$10,000.00"/>
OFFER C	<input type="checkbox"/>	<input type="text" value="\$5,000.00"/>
OFFER D	<input type="checkbox"/>	<input type="text" value="\$2,000.00"/>
OFFER E	<input type="checkbox"/>	<input type="text" value="\$1,000.00"/>

- (2) I/We have enclosed/made payment for the amount shown above (following the payment instructions as detailed overleaf).
 (3) I/We hereby authorise you to place my/our name(s) on the register of members in respect of the New Securities allotted to me/us.
 (4) I/We agree to be bound by the Constitution of the Company and the terms of the SPP.
 (5) I/We hereby agree to accept any lesser number of new Shares applied for.
 (6) I/We hereby certify that the amount of Shares subscribed for by me/us pursuant to the SPP (being a maximum of \$15,000 worth of Shares) does not exceed \$15,000 taking into account the Shares the subject of this application and any other Shares applied for by me/us under the SPP or any other similar arrangement within the 12 months prior to this application including other beneficial interests. **Limit on Participation and Custodian Certification- see overleaf for details.**
 (7) My/Our contact details in case of enquiries are:

NAME **TELEPHONE NUMBER** ()

EMAIL ADDRESS

BPAY PAYMENT OR THE RETURN OF THIS DOCUMENT WITH THE REQUIRED REMITTANCE WILL CONSTITUTE YOUR ACCEPTANCE OF THE OFFER.

<p>PAYMENT INFORMATION - Please also refer to payment instructions overleaf.</p>		<p>REGISTRY DATE STAMP</p>
	<p>Billers Code: 159483</p> <p>Ref: <input type="text"/></p> <p>BPAY® this payment via internet or phone banking. Your BPAY® reference number is unique to this offer and is not to be used for any other offer.</p>	<p> CHEQUE/MONEY ORDER</p> <p>All cheques (expressed in Australian currency) are to be made payable to "ARAFURA RESOURCES LIMITED" and crossed "Not Negotiable".</p>
		<p>E & O.E.</p>

PAYMENT INSTRUCTIONS



Biller Code: 159483

BPAY® this payment via internet or phone banking. Your reference number is quoted on the front of this form.

Multiple acceptances must be paid separately.

Applicants should be aware of their financial institution's cut-off time (the time payment must be made to be processed overnight) and ensure payment is processed by their financial institution on or before the day prior to the closing date of the offer. BPAY applications will only be regarded as accepted if payment is received by the registry from your financial institution on or prior to the closing date. It is the Applicant's responsibility to ensure funds are submitted correctly by the closing date and time.

You do not need to return this form if you have made payment via BPAY.

Your BPAY reference number will process your payment to your entitlement electronically and you will be deemed to have applied for such Securities for which you have paid.



CHEQUE/MONEY ORDER

All cheques should be drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable".

Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured.

Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid.

Do not forward cash as receipts will not be issued.

When completed, this form together with the appropriate payment should be forwarded to the share registry:

Security Transfer Registrars Pty Ltd
PO Box 535, APPLECROSS WA 6953.

Applications must be received by Security Transfer Registrars Pty Ltd no later than 5.00pm WST on the closing date.

CERTIFICATION

By making payment for the application monies, I/we hereby:

1. Acknowledge that I/we have read and understood the Terms of the SPP;
2. Agree to be bound by the Terms of the Constitution of the Company and the SPP;
3. Agree to accept any lesser number of new Securities than the number of Securities applied for; and
4. (If not a Custodian as defined in ASIC Class Order 09/425) Certify that the amount of Securities subscribed for by me/us pursuant to the SPP does not exceed the maximum amount taking into account the Securities the subject of this application and any other Securities applied for by me/us under the SPP or any other similar arrangement within the 12 months prior to this application including joint and other beneficial interests.

LIMITATION ON PARTICIPATION

The maximum subscription limitation of \$15,000 will apply even if an eligible Holder has received more than one form (whether in respect of a joint holding or because the eligible Holder has more than one holding under separate Security accounts).

CUSTODIAN CERTIFICATION

If you are a Custodian (as defined in ASIC Class Order 09/425), you must submit a custodian certificate to Arafura resources Limited. If you did not receive a custodian certificate, contact Security Transfer Registrars Pty Limited. If you need further information to determine whether you are a Custodian, refer to the terms and conditions of the Plan which accompany this Share Purchase Plan Application Form or contact Security Transfer Registrars Pty Limited.

ENQUIRIES

All enquiries should be directed to the Company's share registry:

Security Transfer Registrars Pty Ltd

PO Box 535, Applecross WA 6953 AUSTRALIA

770 Canning Highway, Applecross WA 6153 AUSTRALIA

Telephone +61 8 9315 2333

Facsimile +61 8 9315 2233

Email registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them at the address on this form.