

Sent by email on August 19, 2025

Hi Penelope and Luke,

This email is being sent to you as the points of contact listed at the bottom of Arafura Resources (ARU) ASX announcements. Could you please forward it to all relevant ARU decision makers on the capital raise. I've also copied in *The AFR's* Street Talk columnists who were selectively briefed about the raise yesterday ahead of the wider market being informed.

Firstly, thank you for reportedly offering retail shareholders an SPP as part of the latest \$85 million capital raising. Whilst this is clearly better than this shamefully [long list of companies](#) which have done stand-alone placements with no SPP at all, the proposed \$5 million SPP component is too small relative to the \$80 million institutional placement.

This is what is currently published about your raising on this [public list](#) summarising all capital raisings above \$15 million by ASX listed companies since 2020:

Arafura Resources (ARU): went [into a trading halt](#) at 9.22am on August 18 and then *The AFR's* Street Talk column [reported at 2.51pm](#) on August 18 that Barrenjoey and Canaccord Genuity were helping it raise \$80m in a two tranche placement a 19c, a 13.6% discount to the last close of 22c, with a miserable \$5m SPP to follow. The second tranche of \$9.8m will be subject to shareholder approval. The company had a [market cap of \\$542m](#) before the raise. The [latest annual report](#) says that it has 30,109 shareholder so the theoretical maximum in SPP applications is \$903m. Wrote to them early on August 19 before the official announcement had been made requesting an expansion of the SPP cap and secondary VWAP pricing.

Ends

First up, as mentioned above, if it's not too late could you please add secondary SPP pricing based on the VWAP, to offer downside protection for your retail shareholders. The minimum discount should be rounding down to the nearest cent. Please see [this list of 36 examples](#) where companies not only offered secondary VWAP pricing but retail shareholders actually ended up paying less in the SPP than institutions in the earlier placement.

The \$5 million cap is so restrictive that if just 167 or 0.55% of the 30,109 shareholders apply for the maximum \$30,000, that will soak up the entire \$5 million SPP allocation. Clearly, the proposed cap is too low and the allocation to retail of just 5.9% of an \$85 million capital raising should be substantially lifted.

As a rule of thumb, SPPs should anticipate at least 20% participation and the placement-SPP split should also at least reflect the situation before the raising was announced, in order to prevent any collective dilution between the institutional and retail shareholder classes.

For instance, if retail shareholders as a whole owned 50% of ARU before the placement was announced, then the SPP should be a least 50% of the overall raising which would be \$80 million out of \$160 million. I personally think an increase in the cap to \$50 million would be appropriate.

In terms of what you say in the SPP offer document, if there is going to be a scale back, there should ideally be a minimum allocation such as \$500 for all applicants, in order to reduce the number of holders with an unmarketable parcel. Here is a [list of 19 examples](#) of capital raisings by ASX listed companies where there was a minimum allocation before a pro-rata scale back was applied.

After that, a pro rata allocation based on size of holding is fair. Alternatively, you could choose to favour your smaller and poorer retail shareholders by scaling back based on size of application like the many [companies on this list](#).

Whatever you do, please spell out the scale back formula clearly in the SPP offer document.

Once again, I would appreciate an acknowledgment that this email has been received and forwarded to the relevant parties and look forward to seeing the ASX announcement about the hopefully expanded and uncapped SPP, plus an offer document containing secondary VWAP pricing.

I will be commenting about your decision on Twitter, in my next *Intelligent Investor* column (see [previous 200-plus columns](#)) and also will potentially raise the issue at this year's AGM.

If you would like to discuss this matter, feel free to contact me via this email address.

Thank you for your consideration.

Kind regards

Stephen Mayne

Arafura Resources shareholder

Intelligent Investor columnist

Publisher www.maynereport.com

Twitter: [@maynereport](#)

Email: Stephen@maynereport.com