



# Arafura Resources NL

ABN 22 080 933 455

## Notice of annual general meeting

Notice is given that the 2006 annual general meeting of the Company will be held at Duxton Hotel, 1 St Georges Terrace, Perth, Western Australia, on **23 November 2006** at 2.30 pm WST.

### Agenda

#### Business

##### Financial report

To receive and consider the financial report of the Company and the reports of the Directors and auditors for the year ended 30 June 2006.

##### Resolution 1 – Re-election of Ian John Kowalick

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

“That Ian John Kowalick, being a director of the company who retires by rotation under Rule 11.3 of the Company’s constitution, and being eligible, be re-elected as a director of the Company.”

##### Resolution 2 – Remuneration Report

The Company’s board is submitting its Remuneration Report to shareholders for consideration and adoption by way of a non-binding resolution.

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 2006 be adopted.”

#### Special Business

##### Resolution 3 – Change of Company status

The Company wishes to change its status from a no liability public company to a public company limited by shares.

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

“That subject to Resolution 4 being passed:

- (a) for the purposes of section 162 of the Corporations Act and for all other purposes, the status of the Company be changed from a no liability public company to a public company limited by shares; and
- (b) pursuant to section 157 of the Corporations Act and for all other purposes, the name of the Company be changed from Arafura Resources NL to Arafura Resources Limited,

with effect from the Conversion Date.”

##### Resolution 4 – Adoption of New Constitution

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

“That subject to Resolution 3 being passed, that the constitution of the Company be repealed and replaced with a new constitution in the form as signed by the Chairman at the annual general meeting for identification purposes with effect from the Conversion Date.”

## Other business

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

## 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.

## Entitlement to vote

### 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, Company Shares will be taken to be held by the persons who are the registered holders at 5.00 pm WST on **21 November 2006**. Accordingly, Company Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

## Proxies

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.

A Proxy Form accompanies this Notice and to be effective must be received at the Company's registered office:

The Company Secretary  
Arafura Resources NL  
Level 4, 16 St Georges Terrace  
PERTH WA 6000

OR by facsimile: (08) 9221 7966 (Australia) or + 61 8 9221 7966 (International)

by no later than 2.30 pm WST on **21 November 2006**

## By Order of the Board

Dated: 16 October 2006



Gavin Lockyer  
Company Secretary

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# Arafura Resources NL

ABN 22 080 933 455

## Explanatory memorandum to shareholders

### 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 of this Explanatory Memorandum for definitions of capitalised terms in this Notice of Meeting and Explanatory Memorandum.

### Business

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## 1 Financial Report

The Corporations Act requires the following reports in respect of the year ended 30 June 2006 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. However, shareholders will be given ample opportunity to raise questions or comments of the Company's management.

The financial report for consideration at the meeting will be the full financial report. Each shareholder is sent the full financial report as part of the Annual Report.

Also, a reasonable opportunity will be given to the Company's shareholders as a whole at the meeting to ask the Company's auditor 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 the financial statements and the independence of the auditor in relation to the conduct of the audit.

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## 2 Resolution 1 - Re-election of Director

Ian John Kowalick retires by rotation in accordance with Rule 11.3 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 Ian John Kowalick appear below:

Ian Kowalick has qualifications in science, engineering, economics and finance. In the private sector, he 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, providing him with an extensive understanding of government relations and the management of their regulatory and planning requirements. He has been Chairman of Arafura Resources NL's audit committee since 2004.

The Directors (excluding Ian John Kowalick) recommend that the Company's shareholders vote in favour of Resolution 1.

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### 3 Resolution 2 – Remuneration Report

The Remuneration Report of the Company for the financial year ending 30 June 2006 is set out in the Directors' Report on pages 34 to 39 of the Company's Annual Report 2006.

The Remuneration Report sets out the Company's remuneration arrangements for the executive and non executive Directors and executive employees of the Company.

There will be an opportunity for the Company's shareholders at the meeting to comment on and ask questions about the Remuneration Report. The vote on Resolution 2 will be advisory only and will not bind the Company or the Directors. However, the Directors will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

The Directors recommend that the Company's shareholders vote in favour of Resolution 2.

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### 4 Resolution 3 – Change in Company status

Resolution 3 caters for the Company's intention to change its status from a no liability company (**NL Company**) to a public company limited by shares (**Limited Company**). The Directors believe that this change of status will benefit the Company in a number of ways, as discussed below.

Section 162 of the Corporations Act requires a company to seek shareholder approval by a special resolution to change its status from an NL Company to a Limited Company. Resolution 3 seeks this approval.

The NL Company is a special class of company, which is available only to companies engaged in mining related activities. It was created because of the high risk and capital intensive nature of mining and in particular, mining exploration. The NL Company is unique to Australia and not universally understood in the international business community. Even within Australia it is less recognised and understood than Limited Companies.

The unique characteristic of an NL Company is that the company must have no contractual right under its constitution to recover calls made on its shares from a shareholder who fails to pay them. Thus, a shareholder's liability is limited to any amounts already paid to the company, even when the shares held are only partly-paid shares. Another characteristic is that dividends must be payable on the basis of shares held rather than in proportion to the paid up value of the shares. The same is true with respect to any entitlement to surplus on winding up.

In the past one of the main benefits of being a NL Company was that NL Companies were not subject to restrictions on issuing shares at a discount. Legislative changes have removed this benefit by abolishing restrictions that were previously imposed on the issue of shares at a discount by a Limited Company.

As noted above, the NL Company structure is unique to Australia and as such, requires significant explanation if the Company is negotiating internationally. The Directors believe this change will make it easier for the Company to negotiate with prospective international customers.

On Resolution 3 being passed, and on the date on which ASIC alters the details of the Company's registration the Company will become a public company limited by shares and will be known as "Arafura Resources Limited".

The Directors recommend that the shareholders vote in favour of this Special Resolution.

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## 5 Resolution 4 – Adoption of a New Constitution

Pursuant to Section 136 of the Corporations Act, a company may adopt a new constitution by a special resolution passed at a general meeting. Resolution 4 proposes that the existing Constitution of the Company be repealed and replaced with a new constitution in the form as signed by the Chairman at the Meeting for identification purposes.

In the event that Resolution 3 is passed and the Company's status is changed to a public company limited by shares, the Board is of the view that the existing Constitution which reflects the current structure of the Company as a public no liability company will no longer be appropriate and as such the Board proposes that members approve the Company adopting a new constitution which reflects the change in status of the Company to a public company limited by shares.

The ASX has reviewed a copy of the proposed constitution and has confirmed that it is not inconsistent with the ASX Listing Rules. The Board is of the view that it is not practical for all differences in the proposed constitution to be outlined in this Notice.

A copy of the proposed new constitution is available for review by members at the office of the Company and will be made available for inspection at the Meeting. A copy of the proposed new constitution will also be sent to a member on request to the Company and free of charge prior to the Meeting. All members are invited to contact the Company Secretary, Mr Gavin Lockyer, if they have any queries or concerns regarding the proposed new constitution.

In the event that Resolution 4 is passed, the new constitution will take effect on the Conversion Date.

The Directors recommend that you vote in favour of this Special Resolution.

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## Annexure A – Definitions

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

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means the Australian Stock Exchange Limited.

**Company** means Arafura Resources NL ABN 22 080 933 455.

**Conversion Date** means date on which the ASIC alters the details of the Company's registration to a public company limited by shares.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the directors of the Company.

**Remuneration Report** means the report commencing on page 34 of the Company's Annual Report 2006.

**ARAFURA RESOURCES NL**  
**(ABN 22 080 933 455)**

**PROXY FORM**

The Company Secretary  
Arafura Resources NL  
Level 4, 16 St George's Terrace  
PERTH WA 6000

Facsimile: (08) 9221 7966 (Australia) or +618 9221 7966 (international)

I/We (name of shareholder) .....  
of (address) .....

being a member/members of Arafura Resources NL  
APPOINT

(name) .....  
of (address) .....  
and/or failing him(name) .....  
of (address) .....

or failing that person then the Chairman of the annual general meeting as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held on 23 November 2006 at 2.30pm WST at the Duxton Hotel, 1 St George's Terrace, Perth, Western Australia and at any adjournment of the meeting.

Should you so desire to direct the Proxy how to vote, you should place a cross in the appropriate box below:

I/We direct my/our Proxy to vote in the following manner:

		For	Against	Abstain
Resolution 1:	Re-election of Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2:	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3:	Change of status	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4:	Adoption of New Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.*

**This Proxy is appointed to represent \_\_\_% of my voting right, or if 2 proxies are appointed Proxy 1 represents \_\_\_% and Proxy 2 represents \_\_\_% of my total votes.**

**Note, if a specific proportion of the shareholder's voting rights is not specified then each proxy may exercise half of the shareholder's voting rights.**

**My total voting right is \_\_\_\_\_ shares**

Signed this \_\_\_ day of \_\_\_\_\_ 2006

By:

Individuals and joint holders

Companies (affix common seal if appropriate)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Director/Sole Director and Sole Company Secretary

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Director/Secretary

## 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 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 General Meeting, **that is by 2.30pm WST on 21 November 2006** by post or facsimile to the respective addresses stipulated in this proxy form.
6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
  - a. The proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
  - b. If the proxy has two or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
  - c. If the proxy is Chairperson, the proxy must vote on a poll and must vote that way; and
  - d. If the proxy is not the Chairperson, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.If a proxy is also a shareholder, the proxy can cast any votes the proxy holds as a shareholder in any way that the proxy sees fit.
7. It is the Chairman's intention to vote in favour of the resolutions.

(Please remove along perforated line)