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(ASX: AJR)

Exploration Commences at Hatches Creek Tungsten Project, NT Update on Southern Cross Bore (SXB) Project

Intensive field activities underway at Hatches Creek to assess historical high-grade tungsten mine with near-term development and production potential

Highlights:

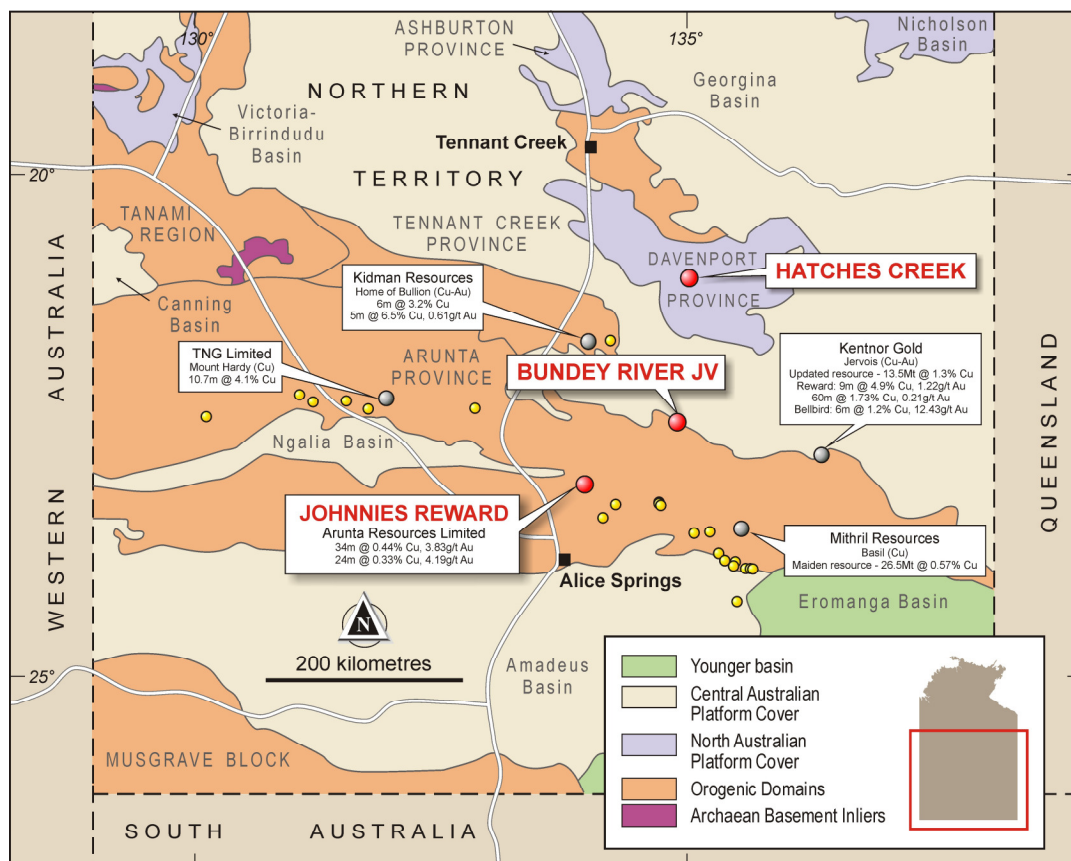
- Field team including field geologists and local Traditional Owners mobilised to **Hatches Creek Tungsten Project** (AJR: 100%) last week for **intensive mapping and sampling program**.
- Program designed to confirm **shallow high-grade tungsten mineralisation** which was conservatively reported in the 1960s as an Inferred Resource of **1,500t of 65% WO₃ concentrates** to a maximum depth of 90m. Historical production from the field was **~3,000t of 65% WO₃ concentrates**
- There are strong indications from limited historical drilling and extensive mining that the mineralisation extends at depth well below this level.
- Results from the current program expected to **begin flowing within three weeks**. This will lay the foundations for drilling targeting a JORC resource.
- With its extensive production history, Hatches Creek presents an outstanding opportunity for Arunta to fast-track a low-CAPEX, near-term production scenario in a commodity with strong market fundamentals and a current market price of **US\$38,000 a tonne**.

Below: Pioneer Mine, Hatches Creek



- **Extensive airborne EM survey (320 line km)** recently completed over the **Southern Cross Bore IOCG Gold-Copper Project (AJR: 100%)**: data undergoing QA/QC with **final results expected early Q1 2014**.

Arunta Resources Limited (ASX: AJR – “Arunta” or “the Company”) is pleased to announce that it has commenced a program of field-based exploration activities at its 100%-owned **Hatches Creek Tungsten Project**, located 360km north-east of Alice Springs in the Davenport Mineral Province of the Northern Territory.



Above: Hatches Creek Location Map

Hatches Creek, which encompasses the historical Hatches Creek Tungsten Field, formed part of the extensive Northern Territory mineral portfolio acquired by Arunta last year.

The potential of Hatches Creek has recently been reassessed and upgraded by the Company in light of the exceptional market fundamentals of tungsten – with tungsten concentrates currently in strong demand and attracting historically high prices – as well as the ability to gain exploration access to the area.

Tungsten, also known as Wolfram, is a strategic metal which has many uses because of its hardness and very high melting point. Tungsten’s many alloys have numerous applications including in specialty metals, incandescent light bulb filaments, X-ray tubes, electrodes and super-alloys, as well as in military applications.

Most commodity analysts have forecast a significant looming supply gap for tungsten due to restrictions on Chinese exports of unprocessed tungsten. Historically China has dominated the global market, producing ~80% of the world's mined tungsten.

Arunta intends to fast-track exploration activities at Hatches Creek with a view to establishing a JORC 2012 compliant resource in the near-term and investigating opportunities to bring this advanced project into production next year.

Arunta's Chairman, Mr Neil Biddle, said the Company had reassessed the potential of Hatches Creek after reviewing the extensive bank of historical data for the project and taking into consideration the considerable opportunities emerging in the tungsten sector.

"Because it has been mined extensively last century, there is a vast amount of information available which will enable Arunta to fast-track the project towards a JORC resource and possible development," Mr Biddle said. "With extensive high-grade mineralisation located close to surface, a project such as this could be brought back into production quickly and with very low capital outlay.

"That makes it an attractive asset for Arunta, which we intend to progress as quickly as possible alongside the Southern Cross Bore Project – where we have recently completed an extensive airborne EM survey for which final results are awaited.

"With the current equity market environment presenting significant challenges for junior explorers, we believe it is important to progress projects with greater potential for near-term production and cash flow – without diminishing our appetite and enthusiasm for exciting exploration opportunities such as we have at the SXB Project."

Hatches Creek Project: Q4 2013 Exploration Program

Three geologists and a field team including local Traditional Owners were mobilised to site last week to undertake an intensive mapping and sampling program at Hatches Creek.

The field program is designed to confirm shallow high-grade tungsten resources published in 1962 and to assess the potential to fast-track production to take advantage of strong tungsten prices.

Historical production of tungsten as Wolframite concentrates from Hatches Creek totalled approximately **3,000 tonnes of 65% WO₃ concentrates** between 1913 and 1958. Significant quantities of bismuth and copper were also produced as by-products.

Production ceased in 1958 due to the collapse of the tungsten price and has never restarted despite the presence of extensive areas of surface and near-surface high-grade tungsten mineralisation.

The Hatches Creek Field is extensive and tungsten has been mined from a large number of high-grade lodes which have been divided into 16 groups covering a total area of 20 square



kilometres. The Pioneer Group, the Treasure Group and the Hit and Miss Group contributed approximately half of the total production.

The deepest workings are at the Pioneer Group, which was mined to a maximum depth of 60m. There are 12 lodes that were mined at Pioneer, all accessed from the main shaft. A Commonwealth Government drill hole completed during the Second World War intersected the Pioneer No. 2 Lode at 90m vertical depth and returned a grade of 5% Wolfram and 1.1% Bismuth over 300mm.

The only other recorded drill hole was completed in 1970 by a company called Northern Territory Minerals NL, which conducted exploration programs at the Pioneer Group, Poseidon Hill and Copper Show prospects, excavating over 1,219m of costeans and a single diamond drill hole under the Treasure Mine.

This hole, which was drilled at -60° to the north-east to a depth of 316.9m, intersected Wolframite and bismuthintite mineralisation in the meta-sediments and andesite to a depth of 250.6m with the drilling confirming individual lodes ranging in thickness from 13cm to 60cm. Mineralisation was noted in logging from 191.7m to 250.6m down-hole, mostly in narrow veins averaging 3 to 5 cm's wide. One zone was recorded as being 0.8m wide. There is no evidence of the hole ever being assayed.

The Treasure Group of workings rivals the Pioneer Group in terms of the number and richness of the lodes, which extend to up to 500m along strike at surface.

The lodes are generally high grade containing between 2-3% Wolframite and are narrow vein quartz filled structures between 300mm and 3m wide and up to 500m long. The lodes occur as sub-parallel clusters within broad shear zones.

None of the mined lodes at Hatches Creek have been mined out and all of them remain open at depth. A substantial Inferred Resource between a depth of 60 and 90m was calculated by a Bureau of Mineral Resources geologist and published in 1961.

This historical resource was based on available mapping of the old workings, the solitary Government drill hole confirming the continuity of Pioneer No 2 lode and the fact that all the known lodes in the field, totalling at least 50, continued at depth below the old workings (Ryan G.R. 1961: *Geology and Mineral Resources of the Hatches Creek Wolfram Field, Northern Territory, Commonwealth of Australia*, Bureau of Min.Res. Geol and Geophysics, Bull 6).

Ryan estimated a very conservative Inferred Resource of **1,500 tonnes of 65% WO₃ concentrates** below the old workings to a maximum depth of 90m.

The current spot price of 65% WO₃ concentrates is approximately US\$38,000 per tonne for contained tungsten.



Based on an extensive review of historical information, Arunta believes that Ryan's estimate as very conservative and represents only a fraction of the potential of the Hatches Creek Field. Ryan expressed the same view in his report and stated that with minimal further drilling the confidence level for extending the resource estimate would be greatly enhanced.

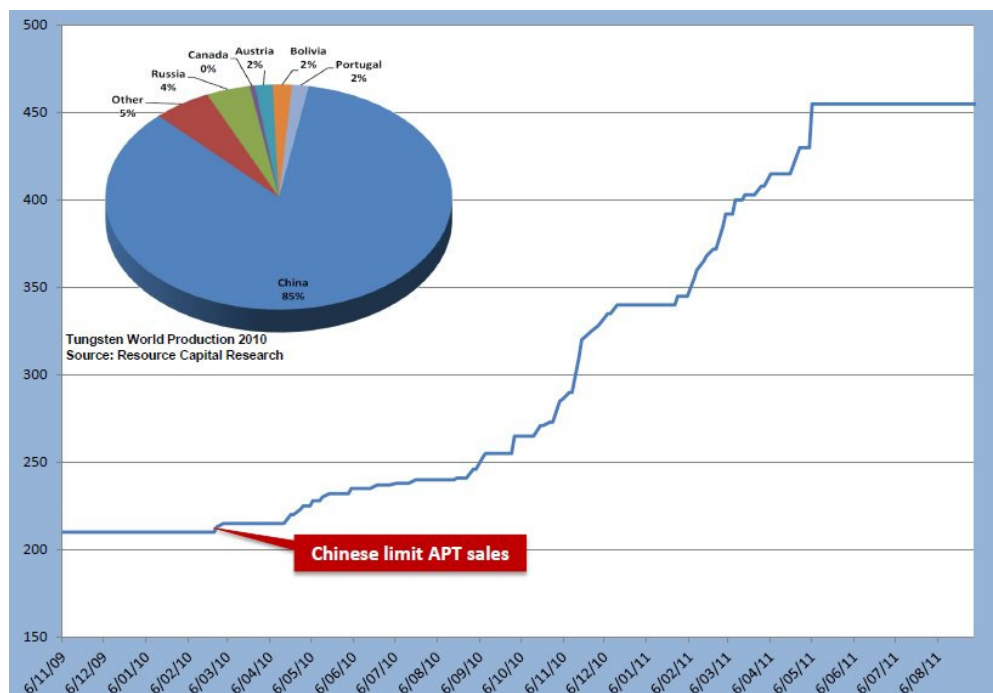
Arunta intends to aggressively explore the Hatches Creek Field with the intention of rapidly advancing the previous resource estimate to JORC compliance and, if warranted, fast-tracking the Project to production to take advantage of the currently strong tungsten market.

Results from the field program are expected to start flowing within three weeks.

About Tungsten

The tungsten market has a number of primary end users with the main sectors comprising hard metals (56%), mill products (17%), steel and alloys (20%) and other uses such as light bulb filaments (7%). Global tungsten consumption is approximately 100,000 tonnes per annum.

Mined tungsten is sold as 65% WO₃ concentrates and represents 70-80% of global supply with the balance coming from scrap recycling. The global market is dominated by China, which produces ~80% of the world's mined tungsten and has restricted exports of unprocessed tungsten. The Chinese export policy has in part led to the current strong demand for tungsten concentrates.



Above: Distribution of Tungsten

In 2010, 85% of the world's supply of tungsten came from China.

Southern Cross Bore Update

An extensive airborne EM survey was completed over the Company's Southern Cross Bore (SXB) Project, located 75km northeast of Alice Springs in the emerging Arunta mineral province, in late October.

The survey comprised 320 line kilometres and was flown on 150m spaced lines at a nominal receiver height of 35m. The survey was designed to identify deep-seated EM conductor zones representing potential accumulations of sulphide mineralisation to assist in drill targeting.

Data from the survey is currently undergoing QA/QC with final results expected early next year.

Recent exploration for IOCG (iron-oxide-copper gold) and SEDEX-style mineralisation in the Arunta mineral province has yielded exciting results. These include the significant drilling results reported by Kidman Resources (ASX: KDR) at its Home of Bullion prospect, located north of Johnnie's Reward in the central Arunta, and the discovery of IOCG and SEDEX styles of mineralisation by Mithril Resources in the southwest Arunta.

Arunta has conducted several phases of exploration at SXB including soil sampling, geological mapping and drilling. The Johnnie's Reward prospect has to date returned many high-grade gold/copper intercepts, with the most significant reported 16 September 2013 of **35.3m @ 3.44g/t Au, 0.45% Cu and 4.42g/t Ag from 67.7m.**

The SXB Project was originally explored by Alcoa in the 1980s with success but has had no exploration activity for nearly three decades. Arunta believes that the Project offers an excellent opportunity to delineate a significant gold-copper resource in close proximity to a major regional centre and extensive existing infrastructure.

About Arunta Resources Limited

Arunta Resources Limited is an ASX-listed minerals exploration company that is focused on the discovery of economic mineral resources in the Arunta Province of the Northern Territory. The Company's projects include the Southern Cross Bore Project ('SXB Project'), located 75km northeast of Alice Springs, and the Hatches Creek Tungsten Project, located 325km north-east of Alice Springs.

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Competent Person Statement: The information in this report that relates to Exploration Results and Exploration Targets is based on information compiled by Mr John Young, a Corporate Member of the Australasian Institute of Mining and Metallurgy and an employee of Arunta Resources Ltd. Mr Young has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Young consents to the inclusion in this report of the matters based on his information in the form and content in which it appears.

