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30 April 2015

ASX ANNOUNCEMENT

(ASX: AJR)

QUARTERLY REPORT FOR THE PERIOD ENDING 31 MARCH 2015

Highlights:

- Definitive metallurgical test work continued on the Hatches Creek Tungsten Joint Venture
- **Results** from metallurgical test work has produced marketable WO₃ concentrates, with the cleaning of gravity concentrates by floatation **successfully upgrading the combined +50% WO₃ concentrate to 65% WO₃ at a yield of 85%**. Results from the -50% WO₃ concentrate produced an acceptable concentrate grade of 42% at a yield of 54%.
- Work continues on float optimisation to improve WO₃ yield and concentrate grade.
- Significant grades of other metals including Cu and Au have been recovered via flotation, giving potential for a poly-metallic development.

During the March Quarter Arunta Resources Ltd's (ASX: AJR) ("Arunta" or "the Company") joint venture partner GWR Group Limited (ASX: GWR) has continued with metallurgical and development studies.

A number of meetings have been held with the Department of Mines and Petroleum and the Central Land Council with a view to securing approvals for a mining and processing operation. Hydrogeological studies and a Sacred Site Clearance is planned for May- June.

In 2014, Arunta secured a near-term development pathway for its **Hatches Creek Tungsten Project** in the Northern Territory after signing a binding Heads of Agreement with GWR. GWR has agreed to sole fund \$1.5 million of Joint Venture Expenditure from the execution date to earn a 50% Joint Venture Interest. GWR funds are directed to the completion of metallurgical test work, preparation of a scoping study and receipt of all relevant approvals to conduct mineral processing activities.

HATCHES CREEK PROJECT (100% AJR)

The metallurgical testwork completed during the previous quarter on the 2 bulk samples from the Pioneer and Treasure mine dumps demonstrated that in the **coarser and fine fractions (+0.5mm and – 0.5mm) Scheelite and Wolframite can be recovered at a grade of 40.9% WO₃** for Treasure



and **63% WO₃** for Pioneer through a simple spiral circuit. In both samples, WO₃ has upgraded 7-8 times from the spiral feed grade to the spiral concentrate grade.

The next stage of test work has continued with wet tabling, magnetic characterisation and finally floatation being used to upgrade the gravity concentrates. Wet tabling and magnetic characterisation of the Pioneer material has produced a 27.7% WO₃ concentrate with a yield of 67.2% to the concentrate. The same treatment of the Treasure material has produced a 23.5% WO₃ concentrate with a yield of 57.1% to the concentrate. The middlings were re-ground and tabled again in an effort to improve overall recoveries.

The Pioneer and Treasure concentrates produced from tabling and magnetic characterisation were combined and ground to <0.15mm prior to the floatation test work. The Pioneer/Treasure concentrate composite was split into 2 categories, +50% WO₃ and -50% WO₃.

To date, several flotation tests on +/- 50% WO₃ concentrates have been completed, the initial results from the +50% WO₃ indicate that **floatation successfully upgraded the combined +50% WO₃ concentrate to 68% WO₃ at a yield of 65%**. Results from the -50% WO₃ indicate that there is a need to optimise the float reagents and more work is being done, the -50% still produced an acceptable concentrate grade of 42% at a yield of 54%.

Hatches Creek Metallurgical Testwork - Details

Wet Tabling and Magnetic Characterisation

The concentrate and middlings streams from the spiral test work were combined and cleaned via wet tabling. The wet table concentrate was then subject to magnetic characterisation at several different gauss to remove magnetic gangue and to separate wolframite from scheelite. Concentrate from magnetic characterisation was recovered and cleaned via wet tabling.

The recovery of high grade WO₃ into magnetic concentrates for the Treasure material relative to the Pioneer material indicates that the Treasure material carries a higher proportion of wolframite.

A sub sample of coarse and fine spiral tailings were stage crushed to -0.5mm and ground to -0.212mm respectively. Both were then cleaned via wet tabling and the concentrate recovered was subject to magnetic characterisation at several different gauss to remove magnetic gangue and to separate wolframite from scheelite.

Table 4 and 5 below shows the overall result of wet tabling and magnetic characterisation of the Pioneer and Treasure spiral concentrate/middlings composite and spiral tailings.

Pioneer wet tabling and magnetic characterisation	Circuit Mass Yield	Circuit Dist'n WO3	WO3	Fe ₂ O ₃	SiO ₂	CaO	S	Cu	Bi
	%	%	%	%	%	%	%	%	ppm
Concentrate	2.2	67.2	27.27	17.21	27.95	7.92	4.39	1.41	13427
Middling	41.4	10.2	0.20	10.00	68.99	3.25	0.24	0.10	374
Tailings	56.4	22.6	0.31	12.55	63.97	3.38	0.30	0.12	714
calc head	100.0	100.0	0.86	11.60	65.26	3.42	0.37	0.14	853

Table 4



Treasure wet tabling and magnetic characterisation	Circuit Mass Yield	Circuit Dist'n WO ₃	WO ₃	Fe ₂ O ₃	SiO ₂	CaO	S	Cu	Bi
	%	%	%	%	%	%	%	%	ppm
Concentrate	1.6	57.1	23.53	27.82	28.22	1.12	0.27	0.24	865
Middling	65.8	20.7	0.19	3.07	88.62	0.17	0.01	0.01	57
Tailings	32.6	22.2	0.45	5.53	80.43	0.70	0.03	0.02	104
calc head	100.0	100.0	0.64	4.27	84.98	0.36	0.02	0.02	86

Table 5

The results show that at the conclusion of wet tabling and magnetic characterisation, the Pioneer material has produced a 27.7% WO₃ concentrate with a yield of 67.2% to the concentrate. The Treasure material has produced a 23.5% WO₃ concentrate with a yield of 57.1% to the concentrate. (For all results above - refer to AJR ASX Announcement – *December 2014 Quarterly Activities and Cashflow Report* dated 30 January 2015).

For the Pioneer material in particular, there is high grade S, Cu and Bi reporting to the concentrate.

32.8% and 42.9% of the circuit WO₃ deported to the middlings and tailings of Pioneer and Treasure respectively.

In an effort to increase the recovery of WO₃, a sub-sample of combined Pioneer and Treasure middlings was stage ground to p100 0.15mm and wet tabled. A “super-concentrate” of 4.94% WO₃ was recovered with the remaining concentrate, middlings and tailings re-combined, stage ground to p100 0.09mm and re-tabled. The concentrate recovered was combined with the “super-concentrate” to be cleaned via flotation.

Flotation

For the Hatches Creek flotation test work, a decision was made to combine the Pioneer and Treasure samples to ensure enough sample mass and to cut down on the cost by halving the number of float tests.

The results of pre-flotation tests using cyclone overflow material (tailings) from another tungsten project were used to determine the beginning flotation conditions for the Hatches Creek material.

Pioneer/Treasure composites were stage ground to p100 0.15mm as an estimate to effect the required liberation of WO₃ prior to flotation. No mineralogical investigations had been done and the grind size was estimated using photographs and experience from previous test work. Mineralogy test work will be considered following the conclusion of the current test work to better understand the liberation characteristics of the ore.

The Pioneer/Treasure concentrate composite was split into 2 categories, +50% and -50% WO₃ as it was anticipated that each category would require a different flotation regime in order to maximise the grade and yield of WO₃.

To date, several flotation tests on +/- 50% WO₃ concentrates have been completed, firstly to develop a set of optimum flotation conditions and secondly to replicate these conditions to maximise yield and grade. It should be emphasised that this test work is incomplete and further work is in progress.



Tables 6 and 7 show the results of the latest flotation tests that have been completed using the optimum flotation conditions concluded from the previous flotation tests.

+50% Concentrate	Stage Mass %	Stage Dist'n %	WO₃ %	Fe₂O₃ %	SiO₂ %	CaO %	S %	Cu %	Bi ppm
Pre-float	17.66	10.31	32.41	29.46	2.66	6.48	22.28	2.85	46712
Concentrate	10.16	4.53	24.75	18.36	25.70	5.72	6.74	0.45	55805
Tailings	72.18	85.16	65.50	10.15	3.23	12.28	0.44	0.06	19866
calc head	100.0	100.0	55.52	14.39	5.41	10.59	4.93	0.59	28257

Table 6

-50% Concentrate	Stage Mass %	Stage Dist'n %	WO₃ %	Fe₂O₃ %	SiO₂ %	CaO %	S %	Cu %	Bi ppm
Pre-float	7.22	1.09	2.54	43.84	8.96	1.16	31.73	14.16	11836
Concentrate	21.57	53.64	41.83	19.16	12.13	8.14	1.32	0.30	6258
Tailings	71.21	45.27	10.70	22.83	42.51	3.17	0.13	0.24	2491
calc head	100.0	100.0	16.82	23.55	33.53	4.10	2.66	1.26	3978

Table 7

For the +50% float test, a chemical regime was chosen to pre-float the sulphide component of the sample and secondly to reverse float the gangue Si. This is because Si has a lower calculated head grade compared to WO₃ (5.41% vs 55.52%) and it is generally easier and cheaper to float the minor elements. The tailings therefore would become the WO₃ concentrate.

As the results show, the pre-float has preferentially floated the sulphide component of the sample as expected. Cu and Fe, likely mineralogically associated with the sulphide, increased in grade in the pre-float. The Si float has been successful in removing over 55% of the contained Si.

The tailings, or in this case, the concentrate has yielded 85% of the WO₃ at a grade of 65.5%. The 15% WO₃ lost in the pre-float and concentrate is likely caused by entrainment of very fine WO₃ which can be reduced further by continued optimisation of the flotation conditions or washing of the froth.

Bi has concentrated with the Si float concentrate although significant quantities still remain in the pre-float and tailings. The final specification of the product required will determine if further efforts are needed to reduce/remove the Bi.

For the -50%, a chemical regime was chosen to again pre-float the sulphide component of the sample and secondly to float WO₃. This differs from the +50% float test where the aim was to float Si. Again this decision was based on the relative proportion of Si and WO₃ in the sample (33.53% vs 16.82%).

Similar to the +50% test, the pre-float has preferentially floated the sulphide component of the sample as expected. Cu and Fe, likely mineralogically associated with the sulphide, increased in grade in the pre-float.

The concentrate has yielded 54% of the WO₃ at a grade of 41.8% with just over 45% of the WO₃ deporting to the tailings. Discussions are underway between our consulting metallurgist, Nagrom and float vendors on what can be done to significantly improve the yield. Based on an initial

assessment of the results, it would appear that a reduction in the pH straight after the pre-float may have the desired effect.

Further Work Underway

The upcoming test work to conclude this phase will consist of;

- Continued flotation optimisation on -50% concentrate to improve on WO_3 yield.
- Flotation test on concentrate recovered from the combined Pioneer/Treasure middlings wet tabling test work.

Future work may include recovery of WO_3 from tailings via wet tabling and flotation and progressing test work on the Green Diamond sample through an agreed test work regime based on the results of the current program.

This final concentrate specifications will be circulated to prospective Tungsten buyers to obtain indications of the likely concentrate sale price.

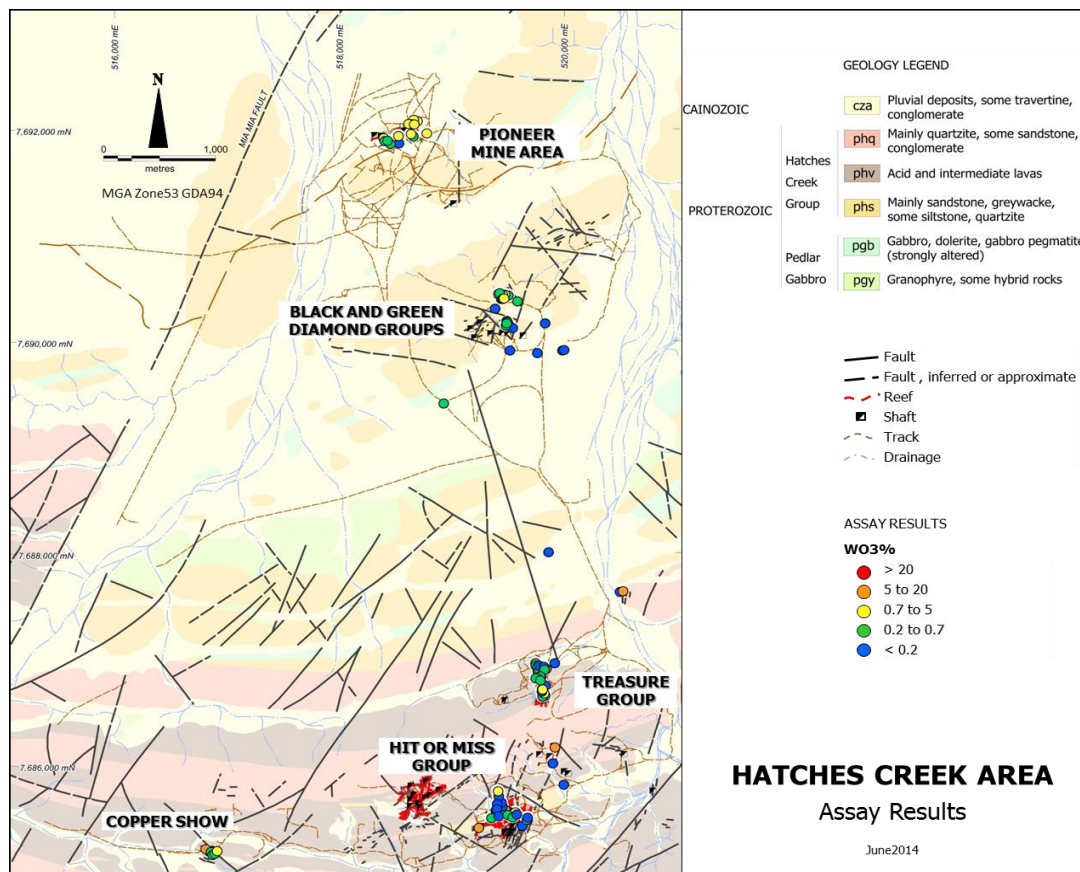


Figure 3 – Main Groups of Historical Mine areas at Hatches Creek

SOUTHERN CROSS BORE PROJECT (AJR 100%)

No field work was completed at Southern Cross Bore during the March quarter.

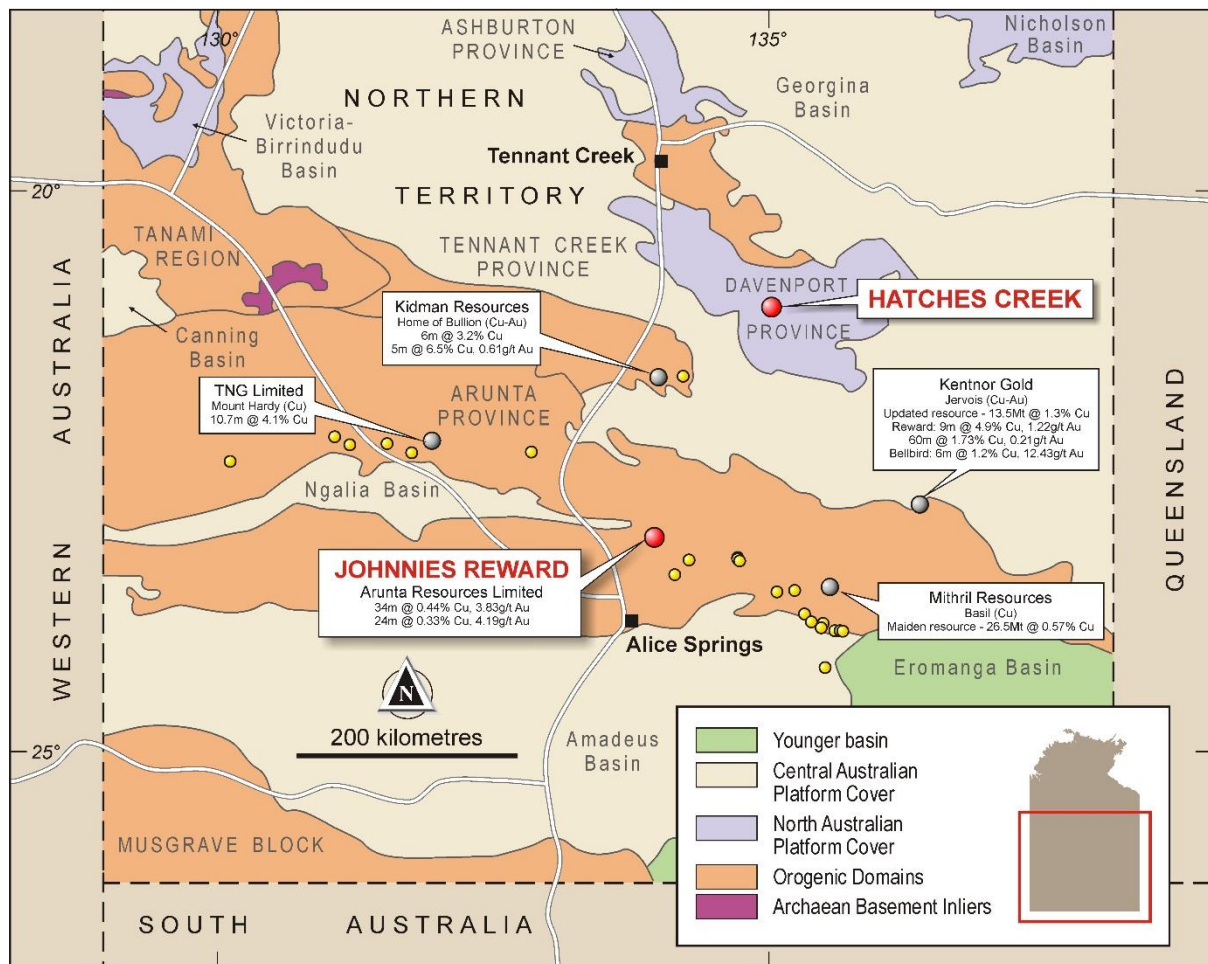


Figure 4 – Arunta’s Project Location Map

CORPORATE

In March, the Company appointment of Mr Francis Galbally as independent non-executive director.

Mr Francis Galbally has over 30 years’ experience in international business and commercial law. He is a graduate (first class honours) in Law at Melbourne University and worked in a professional legal practice for 15 years, specialising in business law.

He was a partner in the leading law firm Galbally and O’Bryan during which time he successfully led a number of landmark commercial litigation cases. Mr Galbally is an investor and corporate advisor and is the major shareholder in Southbank Capital Pty Ltd. AFSL 343678. He specialises in the technology, environment, food, mining and energy sectors. Mr Galbally is also chairman of the Bayland Property Group one of Melbourne’s largest in fill town house developers.

Mr Galbally has had first-hand operational experience in growing small cap companies and has been a director and chairman of a number of ASX listed companies. Mr Galbally is Chairman of Senetas

Corporation Ltd (ASX: SEN). Senetas is a leading developer and manufacturer of certified network data encryption hardware.

Mr Galbally was responsible for recovering more than \$1 billion in investor funds (\$1 for \$1) lost as a result of the major corporate failures (Pyramid Building Societies, Estate Mortgage Trusts) in the early 1990's. He is a member of the Australian Institute of Company Directors.

Mr Galbally is the Victorian convenor of the Constitution Education Fund of Australia – a non-political charity dedicated to advancing knowledge of the Australian constitution within the community.

In April, Mr Neil Biddle resigned as a director of the Company. The Company is grateful for all of Neil's hard work and contribution during his tenure and wish him all the best in his future endeavours.

~ END ~

For further information: Investors:

Arunta Resources Limited

Tel: +61 (3) 8610 8633

Competent Person Statement: The information in this report that relates to Exploration Results is based on and fairly represents information and supporting documentation prepared by Mr John A Young (A consultant of Arunta Resources Limited). Mr Young is a shareholder of Arunta Resources Limited. Mr Young is a Corporate Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Specifically, Mr Young consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.



Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

ARUNTA RESOURCES LIMITED

ABN

73 089 224 402

Quarter ended ("current quarter")

31 MARCH 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	64
1.2 Payments for (a) exploration & evaluation	(19)	(128)
(b) development	-	-
(c) production	-	-
(d) administration	(115)	(623)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	11
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – Rental and office service income	25	95
- Research & development claim	-	284
- Refund for past exploration costs	32	32
Net Operating Cash Flows	(73)	(265)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	(154)	(154)
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(154)	(154)
1.13 Total operating and investing cash flows (carried forward)	(227)	(419)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(227)	(419)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	1,096
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	(5)	(92)
	Net financing cash flows	(5)	1,004
	Net increase (decrease) in cash held	(232)	585
1.20	Cash at beginning of quarter/year to date	961	144
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	729	729

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$A'ooo
1.23 Aggregate amount of payments to the parties included in item 1.2	46
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Wages or consultancy fees paid to directors and director related entities during the quarter.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

A Farm-in Joint Venture Agreement was signed with GWR Group (ASX: GWR) under which GWR can earn a 50% interest in the Hatches Creek Tungsten Project by spending \$1.5m on development and expenditure.

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	37
4.2 Development	-
4.3 Production	-
4.4 Administration	192
Total	229

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	679	911
5.2 Deposits at call	50	50
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	729	961

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	1,826,956,020	1,826,956,020		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 *Convertible debt securities (description)				

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	15,000,000 590,586,829	- 590,586,829	<i>Exercise price</i> 3.0 0.2	<i>Expiry date</i> 18/12/2016 31/07/2019
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	30,000,000	-	2.0	21/03/2015
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

.....
Company Secretary

..... Date: 30/4/15.....

ADRIEN WING

Print name:

Notes

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Arunta Resources Ltd
 Tenement schedule for the quarter ending March 2015

NORTHERN TERRITORY

EL 28045	Davenport Resources Limited	100	Nil	100	30/11/2015	149,500	G	73
EL 29062	Davenport Resources Limited	100	Nil	100			A	61
EL 22912	Davenport Resources Limited	100	Nil	100	25/07/2015	83,375	G	25
EL 23463	Davenport Resources Limited	100	Nil	100	25/07/2015	71,875	G	6
EL 29827	Davenport Resources Limited	100	Nil	100	29/08/2015	11,750	G	16
EL 30090	Davenport Resources Limited	100	Nil	100	27/1/2021	36,000	G	557

No changes during the quarter.