

GOLD EXPLORATION UPDATE

HIGHLIGHTS

Slate - Mulga Dam Gold project

- Two ELAs covering 142km² north-east of Glandore
- Complete database reveals large gold anomalies

Goddards Dam Gold project

- Multiple targets from historic exploration
- Drilling to follow up historic gold intersections this quarter

Corporate

- Placement and rights issue successfully raised \$963,000

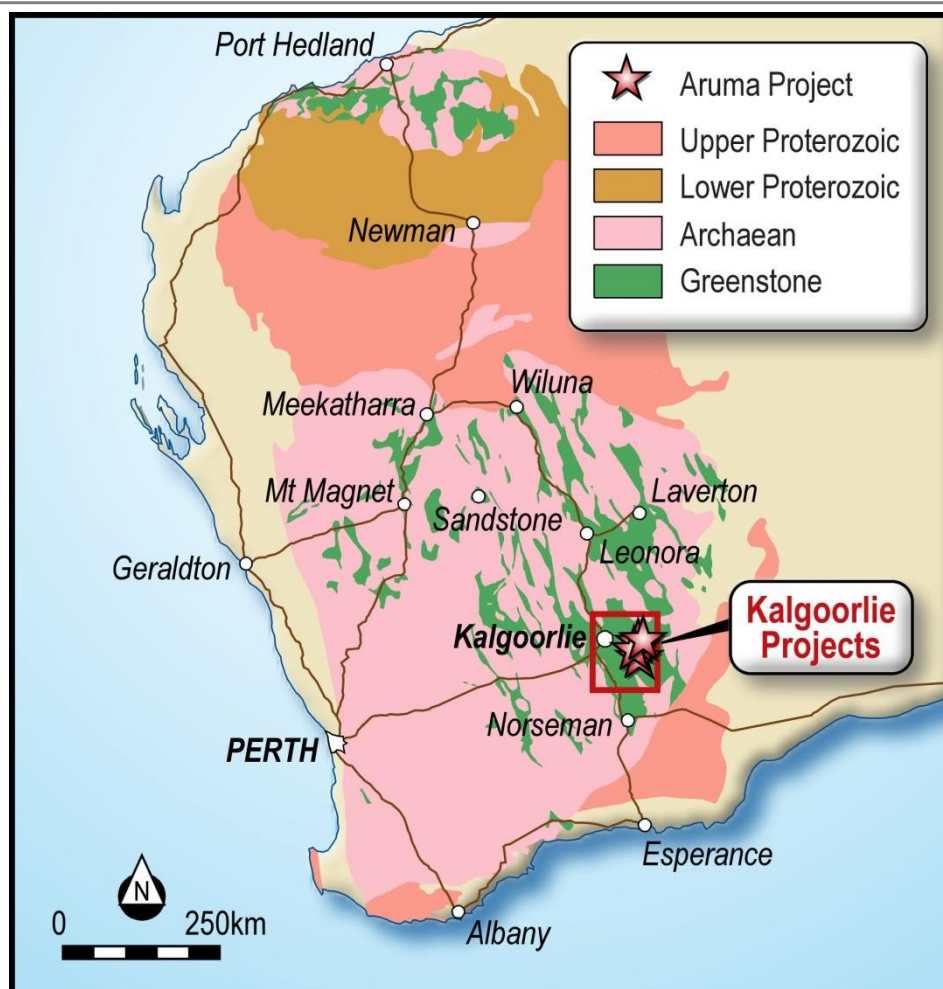


Figure 1 Aruma's Project areas in Western Australia

Aruma Resources Limited

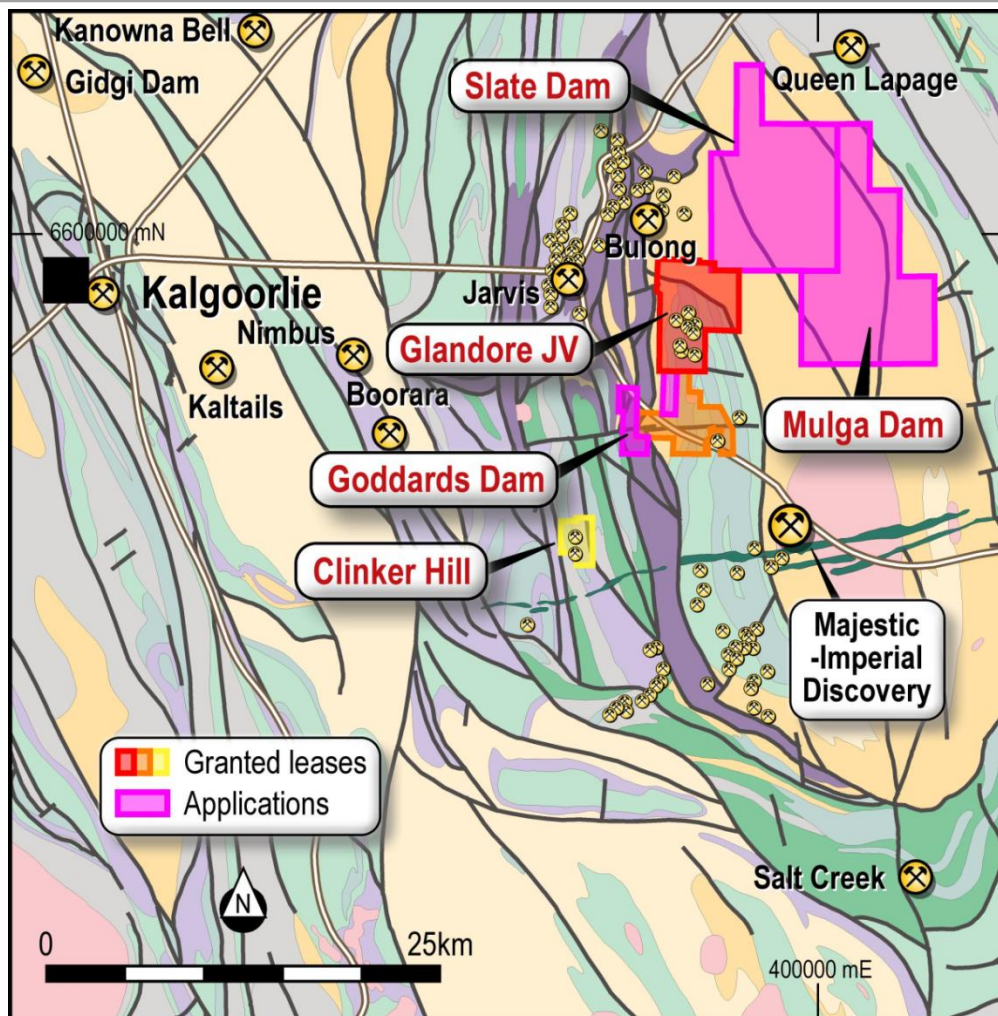


Figure 2 Aruma's Kalgoorlie Project that covers over 200km² of highly anomalous and prospective gold areas.

Company Focus

Aruma Resources Limited ("Aruma", "ASX: AAJ) is continuing its exploration focus on gold in the Glandore area 40km east of Kalgoorlie. Following the Glandore joint venture with Southern Gold (ASX announcement on 6 April, 2016) the area has continued to yield interesting exploration targets at Goddards Dam and Clinker Hill. Subsequent to this over 142km² of new area at Slate and Mulga Dam has been applied for which are contiguous to the north and east of the Glandore Projects.

Research Driven Exploration

In 2016, Aruma obtained Exploration Incentive Scheme funding for a 1,200m deep diamond hole to investigate stacked lodes in the supposedly intrusive rocks that were postulated in the Glandore Anticline. This drill hole failed to intersect any definite intrusive dolerite, gabbro or porphyry but intersected a thick repetitive sequence of mafic and felsic sediments which showed no major shearing or deformation.

This result required further investigation after assays revealed multiple low grade gold zones in shaly horizons. The alteration and mineralization was hydrothermal and the sulphides were sampled and sent to CODES in Hobart for laser ablation-inductively coupled plasma for analysis. The results of this were encouraging in that the main recommendation was:

“the geochemical characteristics of the pyrite in this study suggest that the Glandore area is prospective for orogenic Au-Cu resources like those at the Imperial-Majestic deposits”.

The stratigraphy for those deposits is the felsic sediments to the east of Glandore, and the areas of Slate and Mulga Dams were available and hence were acquired by application.

Slate and Mulga Dam Applications

New exploration licences (ELA25/553 and ELA25/556) have been applied for (26 and 20 graticular blocks over 142.6km²) over a large belt of covered felsic sediments to the north and east of Glandore. The intention is to investigate the gold potential in sulphidic sediments with associated granites and mineralisation that might host economic grades.

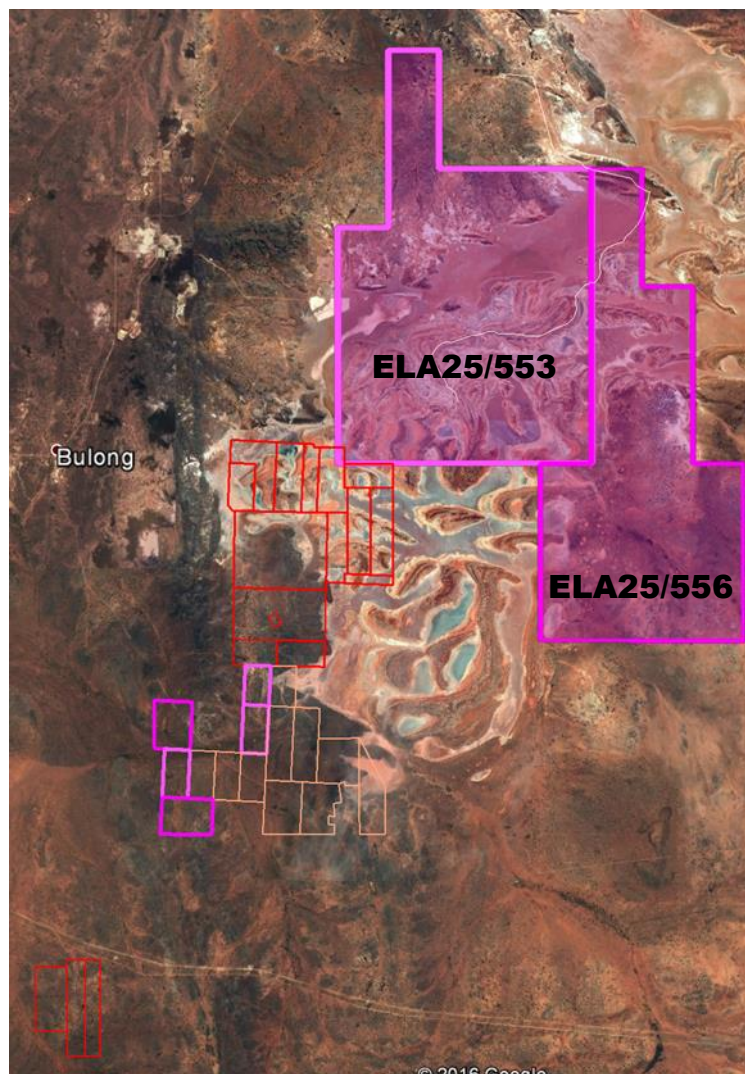


Figure 3 Leases at Glandore showing the new ELAs in pink shaded.
(From Tengraph on Google Image)

Open file data from the DMP on this ground identified a large area that is highly anomalous for gold. The area was previously explored by Croesus Mining NL and various joint venture partners such as Delta Gold, Placer and Barrick Gold. The leases were relinquished due to the gold price at the time and low tenor anomalies.

In 2008 it was held by Rubicon Resources Limited and relinquished in late 2014 after surrounding joint ventures with various partners were not successful in proving up resources. Rubicon transferred their attention to other areas and was out of the area in late 2014.

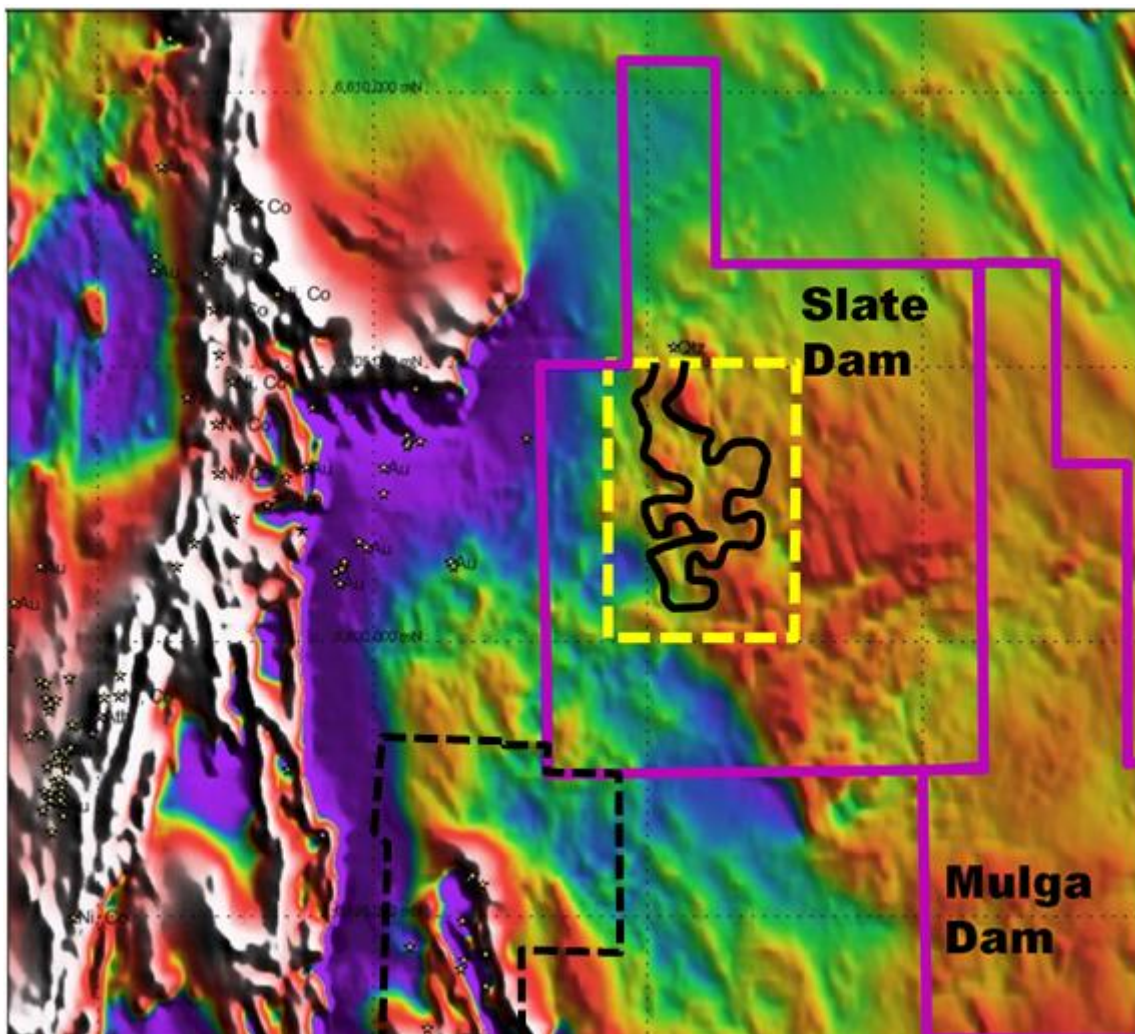


Figure 4 Slate Dam and Mulga Dam applications, (ELA25/553 and 556) on magnetics and showing the historical drill defined gold anomaly. Glandore is shown as the leases in black.

Aruma will be using a hydrothermal sediment hosted sulphidic gold model to identify gold targets, which has been used with success in the last few years by several companies to find major new finds in the Wiluna-Norseman belt, especially at Invincible (Kambalda) and Baloo and Monsoon on Lake Cowan.

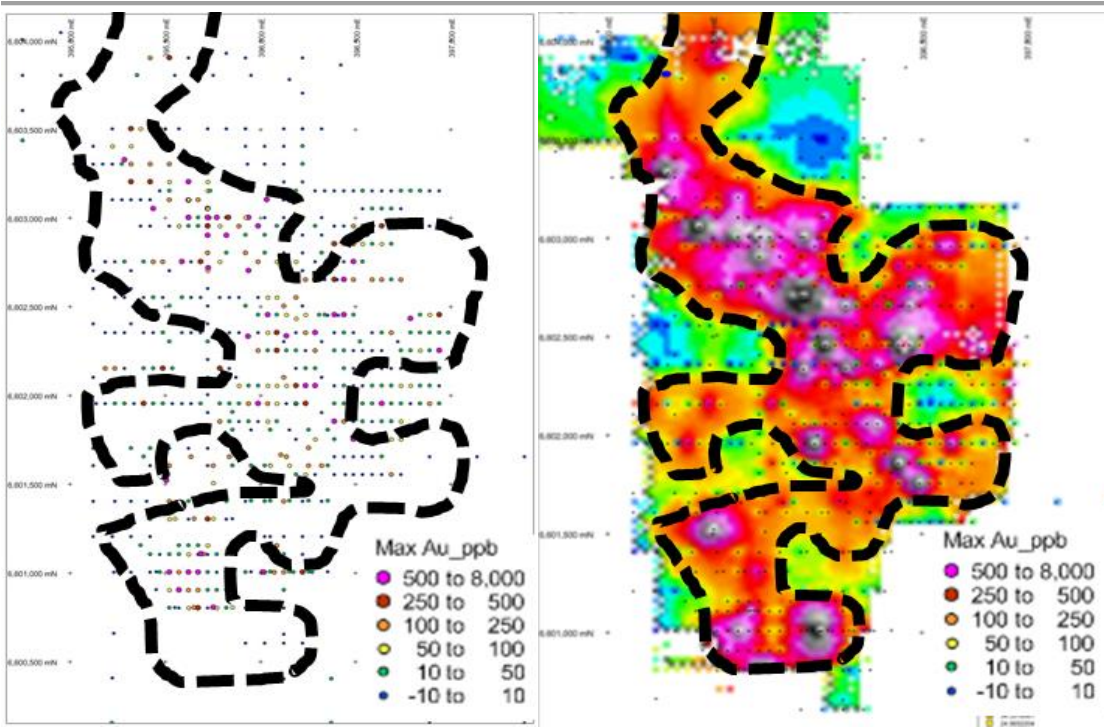


Figure 5 Slate Dam drilling generated gold anomaly from previous figure showing the drilling values and contoured at >200ppm Au. Note the anomaly is open in all directions.

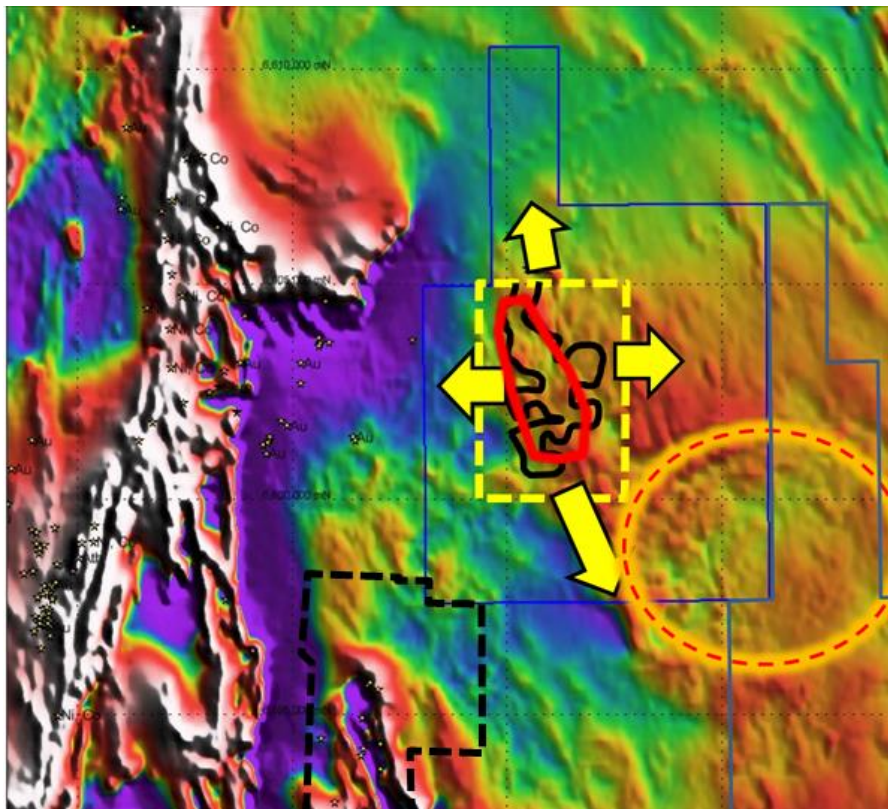


Figure 6 Slate Dam and Mulga applications, (ELA25/553 and 556) on magnetics and showing the historical drill defined open gold anomaly. Also shown is the proposed granite centre and the red shape is the Kalgoolie Superpit outline for scale.

Goddards Dam

This project was developed after the Glandore JV was signed, and recognition of the historic results and geology at Steves where 5m at 4.3g/t was drilled in 2014.

Recognition of the Black Flag Group of sediments and anomalous historical gold assays in the Glandore project has renewed focus on the southern area at Goddards Dam as shown below in Figure 7. The relationship with the sedimentary rocks from the EIS drill hole, the Steves intersections and outcrop and the mapping of conglomerates and shales gave strong analogy to the Invincible Deposit held by Goldfields.

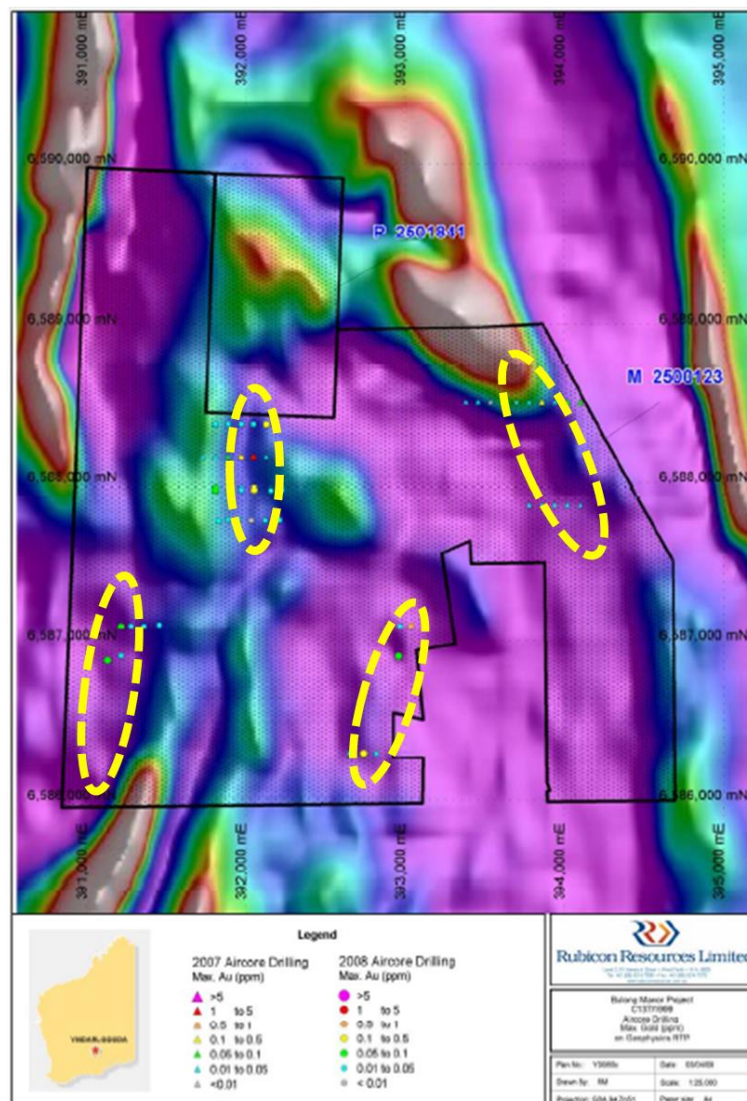


Figure 7 Rubicon's (2009) drilling on the magnetic image and the trends to be drilled for BFG mineralisation.

Historical drilling by Rubicon Resources Limited in the years up to 2009 has shown the presence of anomalous stratigraphy in similar material to the Steves Line, where 5m at 4.3g/t gold was intersected in sediments in the western conglomerates.

A further appraisal of the southern section of the Glandore leases (Goddards Dam) has identified large target zones in previously untested terrain.

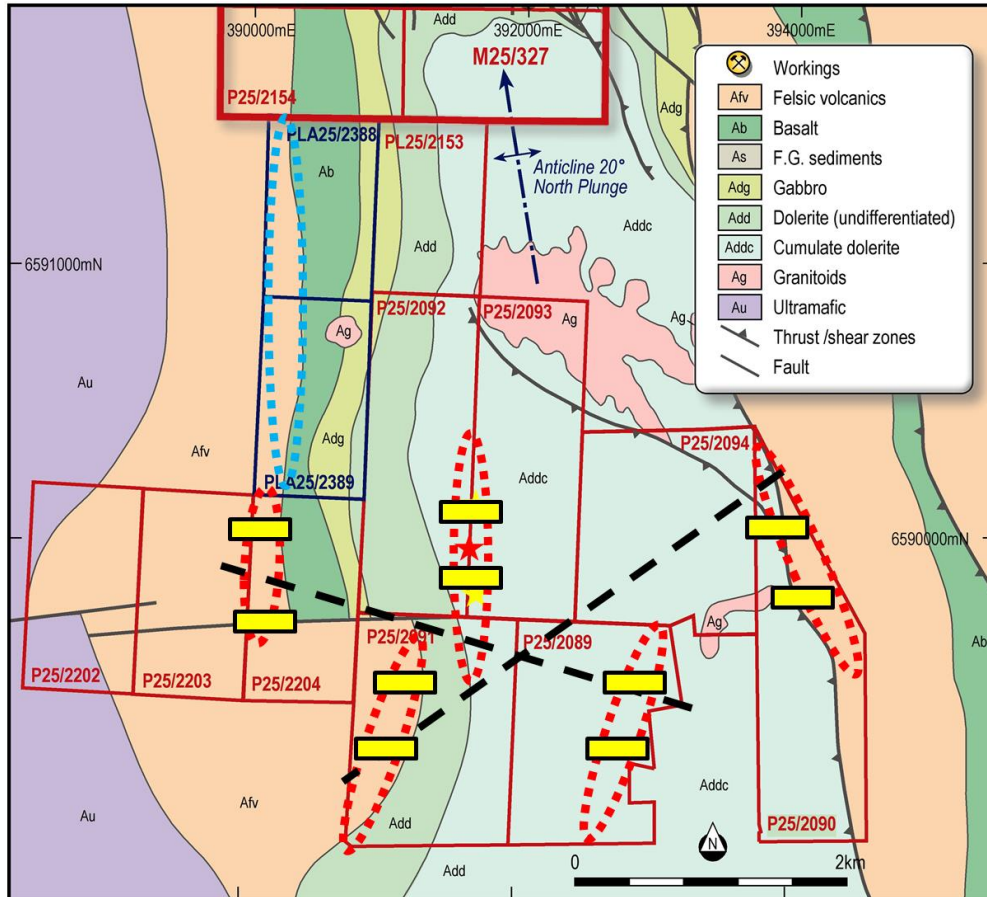


Figure 8 Goddards Dam Project area showing the previous geological interpretation with structures and anomalous holes (yellow <1g/t and red >1g/t Au) and the proposed drilling

The requirements for the Black Flag style of gold mineralisation are sulphidic sediments in structurally prepared areas with heat sources such as granites in a gold endowed area. The Glandore area has all these attributes and the target areas will be tested with RAB/RC drilling.

Further exploration using this model will also be done on the Clinker Hill Project, which has similar attributes to Goddards Dam.

The recognition of this style of mineralisation and the availability of prospective leases in the Bulong area encouraged Aruma to apply for the Slate Dam lease which is contiguous to the existing Glandore and Goddards Dam property. The combined area is now in excess of 140km² in a region with a strong gold endowment.

Clinker Hill Project

This project was studied by a Masters student from Curtin University. His study has identified new stratigraphic relationships and generated new targets for drilling. These will be discussed when the thesis is released and drilling planned in the New Year.



Bulloo Downs Copper Project

Aruma previously announced the third Exploration Incentive Scheme co-funded diamond hole of 528m on the Bulloo Downs project to test a number of emissivity anomalies. This third hole failed to intersect massive copper sulphides after the initial diamond hole hit thin spotty copper mineralisation of low tenor. The Company has sought interest in the project by companies active in the area before the return of the leases to the joint venture partners or relinquishing. As no such interest was forthcoming the leases will be returned to joint venture partners or relinquished. This will significantly reduce the Company's expenditure commitments and allow exploration to focus on gold in the Kalgoorlie area and the identification and evaluation of other suitable projects.

Corporate

Since the beginning of October 2016, Aruma has raised approximately \$963,000 through brokers DJ Carmichael Pty Limited (DJC). A placement of 50,000,000 shares in October raised \$400,000 before costs and the Company has recently completed a 1 for 4 rights issue raising a further \$563,000 before costs with DJC underwriting the issue.

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Competent Person's Statement

The information in this release that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Peter Schwann who is a Fellow of the AIG and Australasian Institute of Mining and Metallurgy. Mr Schwann is Managing Director and a full time employee of the Company. Mr Schwann has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve'. Mr Schwann consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.