Quarterly Activities Report and Appendix 5B

For the period ending 30 June 2017

ASX: ARU

ARAFURA RESOURCES LIMITED

HIGHLIGHTS

- **Positive results from phosphate extraction pilot plant (Phase 2)**
- **Successful completion of bulk pre-leach pilot plant (Phase 3)**
- **Environmental approvals process advances with follow up response to Nolans EIS Supplement**
- **Detailed geochemical resource analysis identifies 66% of high-confidence resources is phosphate-rich material best suited to Nolans flowsheet**
- **Sustained NdPr price increases achieved in 2017 with prices up 42% YTD**
- **"Made in China 2025" strategy to result in significant growth in Chinese domestic demand for NdPr and NdFeB magnets**
- **Increased corporate activity in the rare earth sector validates forecast structural changes in the demand supply profile for NdPr**
- **Share Purchase Plan closes early, raising $3.1 million**
- **Cash balance at end of reporting period $12.5 million, sufficient to complete Nolans pilot program**

NOLANS PROJECT

PILOT PLANT & VERIFICATION PROGRAMS

Positive Results from Phosphate Extraction Piloting (Phase 2)

Independent expert Prayon Technologies' (Prayon) has confirmed information and data collected from the Phase 2 phosphate extraction pilot is suitable for inclusion in the definitive feasibility study (DFS) for the Nolans Neodymium-Praseodymium ("NdPr") project. The closed loop phosphate extraction pilot plant operated from 16 March until 31 March. In Q2 CY2017 Arafura prepared a report from the plant operation which included a data pack incorporating results from sampling and assays collected during the operation of the phosphate extraction pilot. The assay and sampling regime from the pilot was extensive and included:

- Mineralogy samples for concentrate, residues and precipitate;
- Samples collected for radionuclide analysis; and
- Third party assays have also been prepared to validate the results from the principal laboratories.

The broad objectives of the closed loop phosphate extraction program were to:

- Demonstrate the flowsheet in a small scale (about 400 kg of high-phosphate concentrate (HPC) grading 6.8% total rare earth oxide (TREO) was consumed) closed loop with simplified unit operations to confirm the technical and operational viability of the loop, and to produce a rare earths-rich pre-leach residue (PLR) suitable for small scale continuous acid bake testing;
- Confirm process performance, reagent consumptions and product quality for all unit operations tested (including PLR, rare earth precipitate, and merchant grade phosphoric acid);
- Collect and record relevant process parameters from the pilot and provide control parameters and a component mass balance;
- Obtain process and mechanical engineering design data for incorporation into the Nolans DFS;
- Obtain material for essential vendor testwork; and
- Prepare a draft data package and report detailing all the process outcomes for incorporation into the DFS.

The output from the phosphate extraction pilot plant was as follows:

- PLR which assayed 11% TREO;
- Rare earth precipitate, assaying 34% TREO;
- Merchant grade phosphoric acid; and
- Waste gypsum.

Prayon is satisfied that the Company has demonstrated the metallurgical process and this has supported the Company's decision to immediately proceed with Phase 3 of the pilot program.

Successful Completion of Bulk Pre-Leach Piloting (Phase 3)

The next stage in the Nolans pilot program is the operation of a bulk pre-leach to generate material for downstream rare earth extraction piloting. The bulk pre-leach pilot was successfully conducted over a 5-day period at SGS in Perth during July. Prior to the commencement of the Phase 3 program, a small-scale pre-leach was completed to optimise the operating conditions and assist with the preparation of the scope for the Phase 3 pilot.

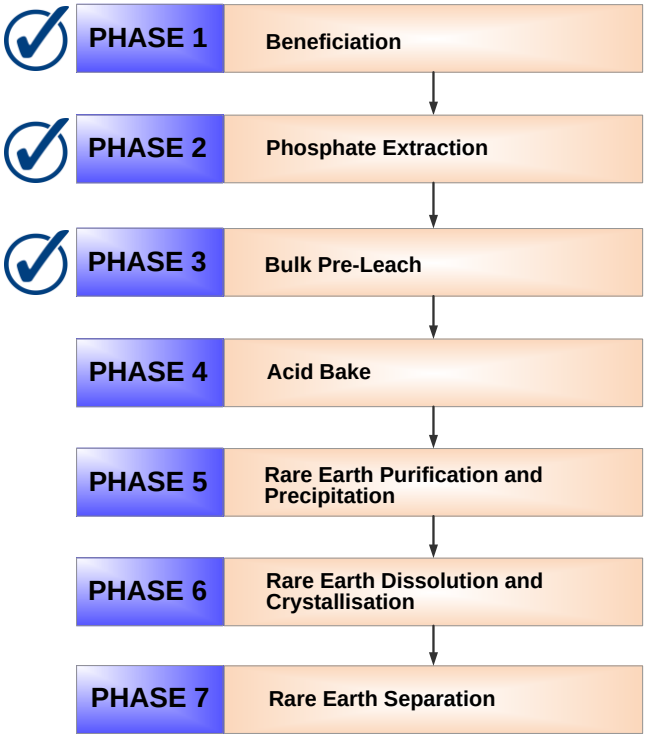
The broad objectives of the bulk pre-leach pilot are to:

- Operate the pre-leach to demonstrate its technical and operational viability, and process all available HPC material to generate PLR for downstream piloting;
- Confirm process performance, reagent consumptions and product quality for all unit operations;
- Collect and record process parameters and other relevant data;
- Obtain process and mechanical engineering design data for incorporation into the Nolans DFS;
- Obtain sufficient material for vendor testwork; and

- Prepare a draft data package and report detailing all the process outcomes for submission into the DFS.

Planning has already commenced for the Phase 4 acid bake pilot program which is scheduled for Q3 CY2017.

Figure 1: Nolans Pilot Program
Each phase is operated on a continuous basis



Beneficiation (Phase 1)

In Q1 CY2017, Arafura announced the results and completion of the independent review for beneficiation pilot and flowsheet *(refer to ASX announcement 6 February 2017)*. Subsequent to the completion of the beneficiation pilot smaller work programs have been underway and include vendor assisted flotation reagent tests, and tailings and concentrate thickening work.

Photographs from the beneficiation, phosphate extraction and bulk pre-leach pilots can be seen in Figure 2.

Figure 2: Beneficiation, Phosphate Extraction and Bulk Pre-Leach Circuits

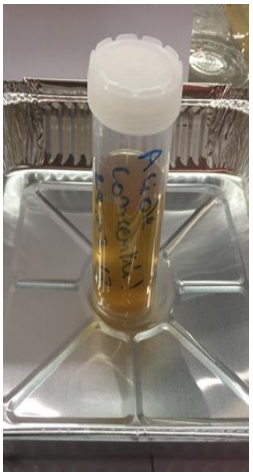
PHASE 1 Beneficiation

Beneficiation Pilot Plant

High- Phosphate Concentrate

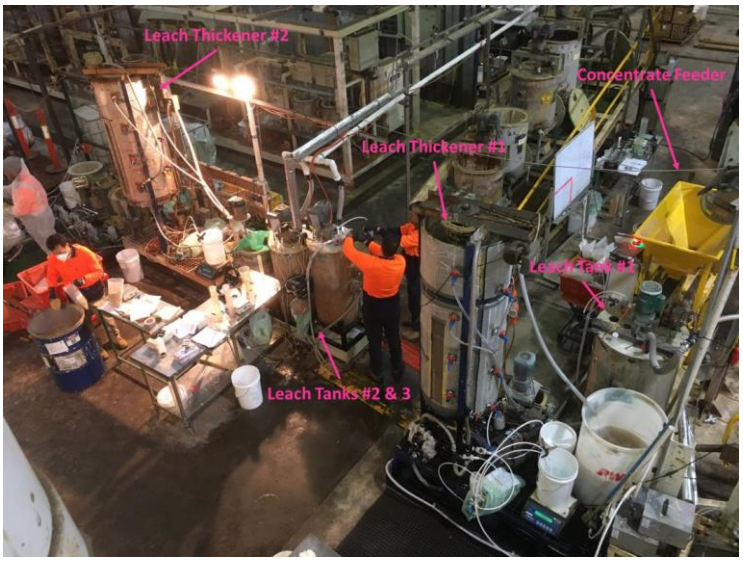
PHASE 2 Phosphate Extraction

Phosphoric Acid Regeneration Circuit



Rare Earth (Pre-Leach Residue) and Phosphoric Acid Products

PHASE 3	Bulk Pre-Leach



Bulk Pre-Leach Pilot Overview

NdPr-rich PLR Product

REGULATORY APPROVALS – ENVIRONMENTAL IMPACT STATEMENT STUDIES

In February 2017, Arafura submitted the Environmental Impact Statement Supplementary Report (EIS Supplement) for the Nolans NdPr Project to the Northern Territory Environment Protection Authority (NTEPA).

The NTEPA has now reviewed the information provided in the EIS Supplement and has requested further information to assist with its assessment. The information requested relates primarily to:

- Update project description to clarify and expand on implications and risks of the announced processing change from the sulphuric acid to phosphoric acid pre-leach *(refer to ASX announcement 28/06/2016)*, post draft EIS submission;
- Management of both surface water and groundwater to ensure the sustainability of the groundwater resource and to ensure all potential project impacts to these aspects are managed;
- Further information on closure planning and operations management of the project with focus on waste rock, tailings and process residues; and
- Additional information on the proposed diversion of the ephemeral Kerosene Camp Creek around the proposed open pit.

The Company is working in conjunction with its environmental consultant GHD and expects the requested information will be formally lodged with NTEPA in August. The Company will also use the geochemical data collected from the recently completed resource assessment (see below) to demonstrate proposed systems are adequate for the management of leachate from waste rock and tailings.

EXPLORATION

AILERON – REYNOLDS (Rare Earths)

COMPLETION OF DETAILED RESOURCE ASSESSMENT

During the quarter Arafura announced *(refer to ASX announcement 7/06/2017)* the completion of a detailed program of geochemical analysis to be used for the next phase of mine planning activities for the DFS.

The study was commenced to provide greater confidence for the mine plan. In addition, the review confirmed a substantial inventory of phosphate-rich material types at Arafura's 100%-owned Nolans Bore NdPr deposit in the Northern Territory.

This recent analysis, which included the reclassification of material types for all assay intervals and the acquisition of 3,500 new representative whole rock geochemical assays from across the deposit, has identified that more than 66% of the project's higher confidence Measured and Indicated resource inventory comprises phosphate-rich material types.

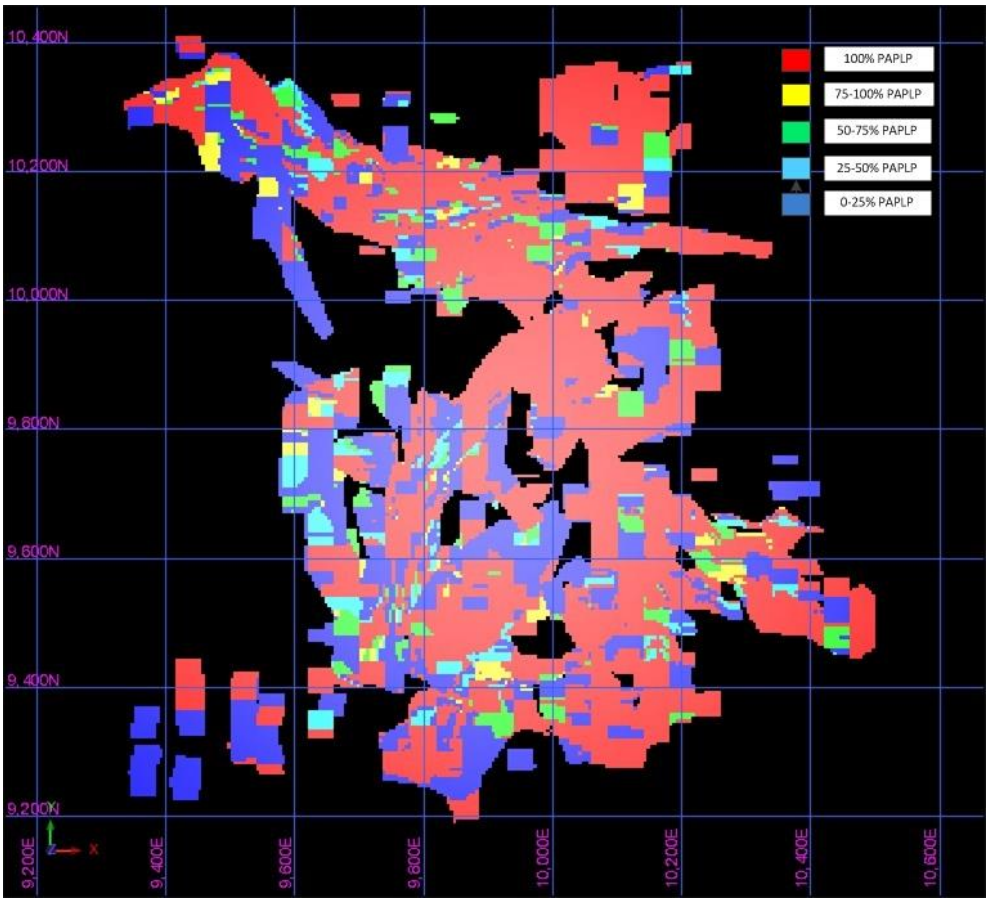
The work did not result in any material change to the previously reported Mineral Resources for the project *(refer to ASX announcement 30 October 2015)*. However, it did reveal the consistent nature of the distribution of NdPr across the deposit and the abundance of P_2O_5 material best suited to Arafura's flowsheet as shown below in Table 1 and Figure 3. The data collected from the geochemical analysis is also being presented in the EIS Supplement.

Table 1: Mineral Resources for the Nolans Bore deposit as at 7 June 2017 using a 1% TREO Cut-Off Grade

RESOURCES	TONNES million	RARE EARTHS TREO %	PHOSPHATE P_2O_5 %	NdPr enrichment %
Measured	4.9	3.2	13	26.1
Indicated	30	2.7	12	26.4
Inferred	21	2.3	10	26.5
TOTAL	56	2.6	11	26.4

Numbers may not compute exactly due to rounding. "NdPr enrichment" is the proportion of TREO comprising Nd_2O_3 and Pr_6O_{11}.

Figure 3: Plan view showing the distribution and proportion of phosphate-rich mineralised material types in the Nolans Bore resource. The red represents high-recovery phosphate-rich mineralisation.



JERVOIS (Base and Precious Metals; Iron-Vanadium)

Rox Resources Ltd (Rox) holds a 51 per cent interest in the base and precious metal rights on Arafura's EL 29701, located 280 kilometres north-east of Alice Springs. Arafura holds the residual 49 per cent interest, and Rox had previously elected to earn 70 per cent by spending an additional $1 million on the tenement to December 2017. Rox has recently informed Arafura that it will not complete the Stage 2 earn-in expenditure and in accordance with the Fam-in Agreement a Rox (51 per cent) and Arafura (49 percent) joint venture (JV) will be formed. Rox will be the manager of the JV.

During the quarter, Rox completed a ground gravity survey over the Bonya Mine prospect area and the Jervois North area (Figure 4). The gravity data from Jervois North area was encouraging (Figure 5) and is a key area of focus for further exploration work. Arafura and Rox are currently working to formalise the JV agreement, work programs and a JV budget.

Figure 4: Location of ground gravity surveys

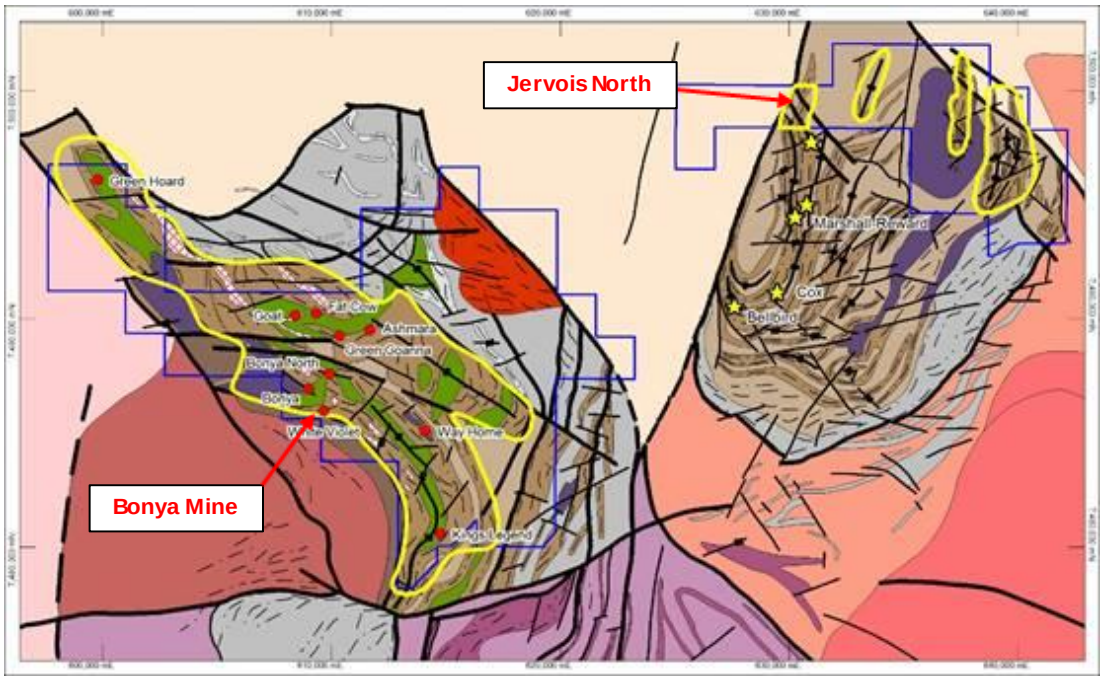
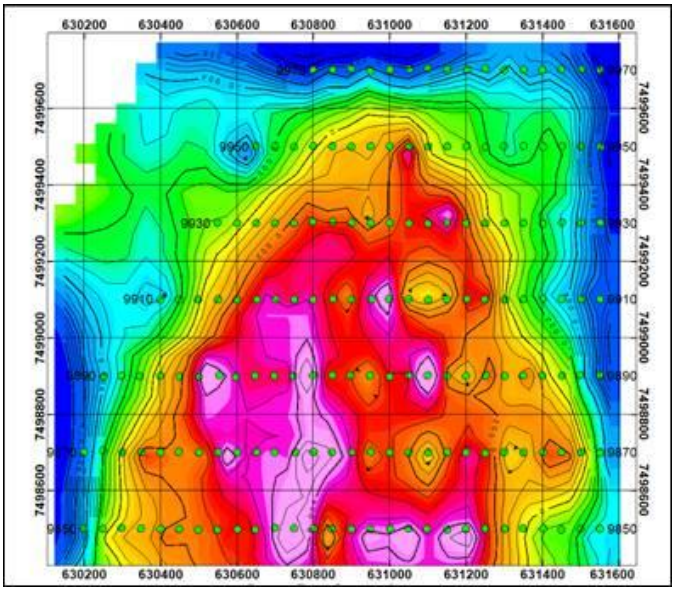


Figure 5: Jervois North Ground Gravity Residuals



CORPORATE

STRATEGY AND OUTLOOK

RARE EARTHS MARKET UPDATE

NdPr prices increase by 42% YTD

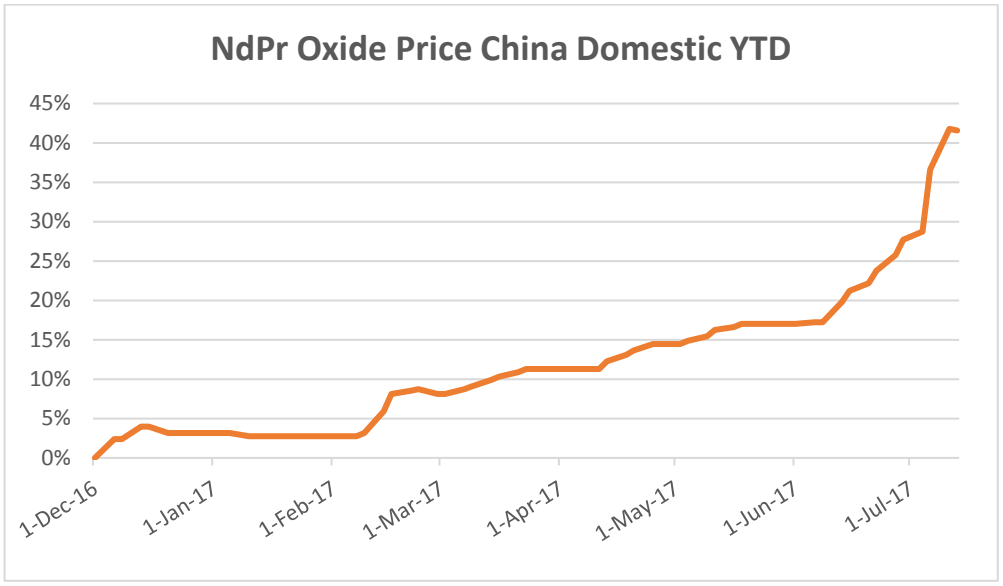
Significant price increases in the June quarter have now seen the NdPr price recover all the losses since the removal of Chinese tariffs and quotas in June 2015. Figure 6 shows the comparative price movement of NdPr China domestic price, referenced back to May 2015. Figure 7 shows NdPr prices continued a sustained upward trend that commenced in January 2017 through the June quarter. Further significant NdPr price increases have been achieved in the first two weeks of July. For the period from December 2016 to 13 July 2017 NdPr prices have increased by over 42%. Many factors appear to be driving the rise in NdPr prices including:

- Government-led initiatives to enforce higher environmental standards on China-based producers and to reduce the quantity of material available from illegal sources;
- Leading Chinese producer Northern Rare Earth continues to withhold product from the market and holds out for higher prices; and
- Increased buying interest from neodymium iron boron (NdFeB) magnet manufacturers.

Figure 6: May 2015 Comparative Price NdPr Oxide China Domestic

Source: Metal Pages

Figure 7: 2017 Year to Date Comparative Price NdPr Oxide China Domestic

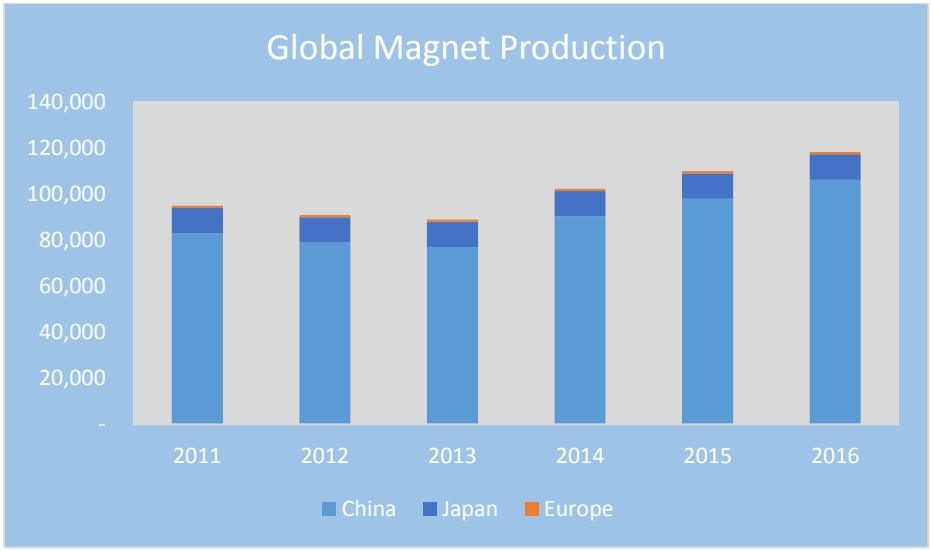


Source: Metal Pages

NdFeB magnet production

The sustained 2017 price increases can be attributed to the tightening supply for NdPr and the reduction of swing production from illegal sources that historically would have entered the market as prices moved upwards. Underlying the sustained price increase is the continued growth in NdPr demand which is primarily driven by NdFeB magnet production. Industry data presented in Figure 8 shows continued increases in global magnet production through 2014, 2015 and 2016. Japanese magnet production has been stable during this period with the growth in world demand being met from increased China production capacity.

Figure 8: Global Magnet Production

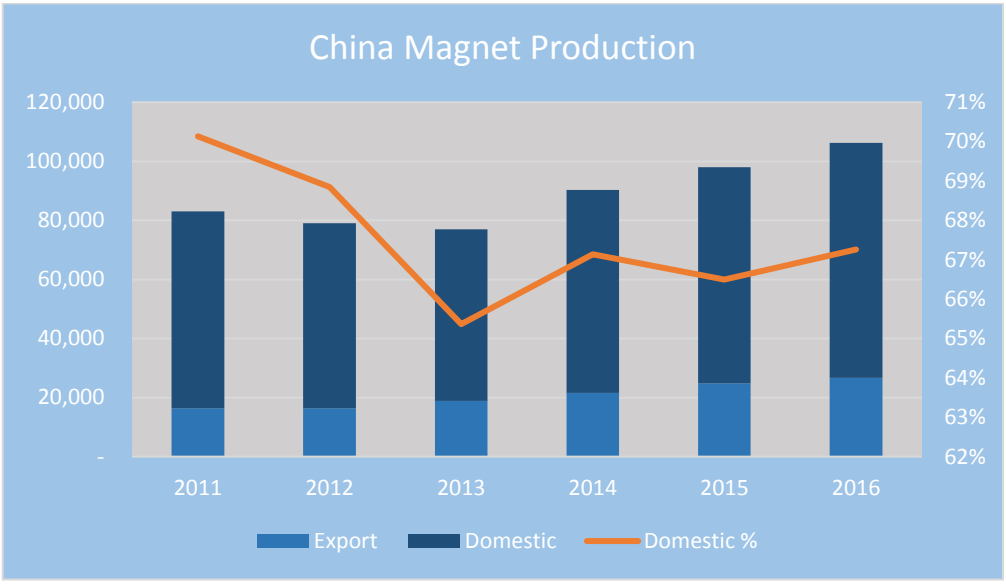


Source: ACREI, Metal Pages and Industry Sources

Chinese magnet production, broken down into export and domestic use is shown below in Figure 9. China has continued to expand its magnet production from 2014 onwards with

additional volumes being absorbed into the rest of the world requirements and China's own domestic manufacturing. In 2011 China's domestic consumption was equal to 70% of its total production but by 2016 this had fallen to 67%. China's domestic consumption will continue to increase as it continues to pursue its own clean energy objectives and the "Made in China 2025 Strategy" (see below). The Chinese production available for export can only remain at these levels if China has the ability to continually increase production, which will require access to increasing volumes of NdPr raw materials.

Figure 9: China Magnet Production



Source: ACREI, Metal Pages and Industry Sources

Made in China 2025 Strategy

"Made in China 2025" (China Strategy) is an initiative to achieve China's objective to maintain China's position as a world manufacturing power. The strategy addresses multiple challenges facing Chinese industry as it experiences increasing competition from emerging low manufacturing cost countries and the increasing need for China to be able to compete with the advanced industrialised countries. This has resulted in the China Strategy being aligned with economic strategies pursued by countries like Japan and Germany. To maintain its historical growth trend, China is enabling its local industries to enhance its existing industrial capabilities and to become more integrated and move further along the supply chain and capture more value.

The China Strategy focuses on ten key areas. Several of the key focus areas have significant alignment with China's existing NdPr production and NdFeB magnet manufacturing capabilities. The China Strategy key areas of focus include:

- Energy saving and new energy vehicles;
- Robotics and automated machine tools;
- Electric power equipment; and

- Information and communication technology.

The China Strategy target identifies the goal of raising domestic content of target industry components and materials, to 40% by 2020 and 70% by 2025. Some of the strategic tasks aligned with these objectives have significant parallels with the structural change currently underway in the NdPr and NdFeB magnet industry. These include:

- Upgrading manufacturing to be sustainable;
- Promoting existing industry to move towards medium and high-end manufacturing and deal with issues associated with excessive low-end production capacity; and
- Enhancing quality and brand building, so that local manufacturers can achieve greater international brand recognition.

The Company expects in the medium term an indirect consequence of the China Strategy will be downstream Chinese manufacturers consuming many locally produced components that are currently being exported to foreign based manufacturers. Figure 9 shows China is already consuming 67% of its own magnet production. In the medium term China's NdFeB magnet production maybe consumed by local manufacturers and China may in fact become reliant on imported raw materials, including NdPr, to meet its own requirements.

In the first half of CY2017 the Company has seen many examples of China-based entities pursuing acquisitions and investment, supporting the view that China is implementing its strategy of expanding its medium and high-end manufacturing capacity and seeking to secure NdPr feedstock for its domestic NdFeB magnet manufacturing supply chain. A sample of relevant outgoing China investment and other corporate activity is discussed in more detail below.

Increased Corporate Activity- rare earths industry, NdFeB magnets and downstream manufacturing

The first half of CY2017 saw continued investment and corporate activity for the rare earth sector, NdFeB magnet production and downstream value-adding industries. Arafura believes these activities are driven by an expectation that China will eventually need to source NdPr oxide from foreign mining operations and needs to continue the expansion of its permanent magnet production capacity to execute the China Strategy of promoting medium and high-end manufacturing capability. A significant number of transactions were announced during the period by China-based entities, providing anecdotal evidence of improved sentiment towards rare earths and magnet-feed raw materials. This improvement is further supported by significant NdPr price increases in H1 CY2017 (Figure 7). A summary of the key transactions and corporate activities are set out below:

China looks to supplement domestic NdPr production

- China-based Shenghe Resources Holding Ltd's (Shenghe) 12.5% investment in ASX-listed Greenland Minerals and Energy's Kvanefjeld rare earth-uranium project;
- Shenghe along with JHL Capital Group and QVT Financial place the winning bid in the bankruptcy auction for the US-based Mountain Pass rare earths mine. Shenghe

will provide technical services and have exclusive sales and distribution rights. The sale is still being assessed for regulatory approval by US federal agencies;

- Huatai Mining Pty Ltd, a subsidiary of China-based Shandong Taizhong Energy Co. Ltd, partially completing an investment in ASX-listed Northern Minerals and its Browns Range dysprosium-focussed project in February 2017;
- Northern Minerals entering into a sales agreement for its entire Browns Range pilot plant production with a 51%-owned subsidiary of Guangdong Raising Asset Management in April 2017; and
- TSXV and AIM-listed Mkango Resources, which is developing the Songwe Hill rare earths project in Malawi, issuing 12 million share purchase warrants to Noble Resources International, potentially an interest of up to 12.5%, in December 2016. On receipt of regulatory approval for the issue of the warrants, Mkango completed a placement of £450,000 with two specialist Swiss mutual funds.

NdFeB production capacity expands

- The Aluminium Corporation of China (Chalco) announced plans to invest US$29 million in downstream rare earths production for NdPr magnet alloys and rare earth catalysts. The Chalco downstream rare earths business will be based in Baotou (Inner Mongolia), indicating the company expects to source raw materials from its existing rare earth operations in Sichuan and Guangxi provinces, and also from China Northern, which has operations in Inner Mongolia; and
- Japan based Shin-Etsu Chemical is expanding its production capacity for permanent rare earth magnets through new investment in its Vietnam factory in northern Hai Phong Province. Shin-Etsu Chemical intends to double its production of NdFeB magnets in Vietnam, to meet the strong demand from clients for use in robotics and drivetrains for hybrid and electric vehicles (EVs).

High-end Downstream Manufacturing

- Guangzhou Automobile Group (GAC Group), one of China's largest automotive manufacturers, has announced the construction of a US$6.5 billion industrial park dedicated to EV and autonomous vehicle manufacturing. Announcements released referenced the development's environmental goals and developing GAC Group's global branding strategy. GAC Group promoted the direct link of the industrial park with the Made in China 2025 strategy; and
- US-based General Motors (GM) have recently introduced the Chevy Volt to China rebadged as the Buick Velite 5. In 2016 GM sold almost 4 million vehicles in China and it has also recently announced it will commence the manufacture of EVs in China within two years. China automotive manufacturers need EVs to represent 12% of their sales by 2020.

ARAFURA COMPLETES SPP

In April 2017, the Company completed a Share Purchase Plan (SPP) to existing shareholders. The SPP was strongly supported by shareholders and raised $3.1 million. The offer closed early once it became clear the target capital raising of $2.5 million had been exceeded.

Arafura's cash position as at 30 June 2017 is $12.5 million. Funds raised through the SPP along with the Company's existing cash reserves will enable the Company to complete the seven phases of pilot programs outlined in Figure 1.

Nameplate Production

The estimates in this document are based on a nameplate production target of 14,000 tonnes per annum of TREO equivalent from Measured and Indicated Mineral Resources at Nolans Bore. The Mineral Resources were estimated and reported by the Company *(refer to ASX announcement 07/06/2017)* following the guidelines of the JORC Code 2012. Classification of total resources at Nolans Bore into Measured, Indicated and Inferred resources, using a 1.0% TREO cut-off grade ("COG"), is shown in the table below. Contained (in-situ) resources of rare earths are also shown.

RESOURCES	TONNES million	RARE EARTHS TREO %	PHOSPHATE P_2O_5 %	NdPr enrichment %
Measured	4.9	3.2	13	26.1
Indicated	30	2.7	12	26.4
Inferred	21	2.3	10	26.5
TOTAL	56	2.6	11	26.4

Numbers may not compute exactly due to rounding. "NdPr enrichment" is the proportion of TREO comprising Nd_2O_3 and Pr_6O_{11}.

Competent Person's Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Kelvin Hussey, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Hussey is a full-time employee of Arafura Resources Limited. Mr Hussey 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 Reserves ("JORC Code 2012"). Mr Hussey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

+Rule 5.5

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, 01/05/13, 01/09/16

Name of entity	
Arafura Resources Ltd	
ABN	**Quarter ended ("current quarter")**
22 080 933 455	30 June 2017

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(1,379)	(4,494)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(396)	(1,544)
	(e) administration and corporate costs	(664)	(1,781)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	73	281
1.5	Interest and other costs of finance paid	(2)	(5)
1.6	Income taxes paid	-	-
1.7	R&D refund - Non Capitalised Portion	-	847
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(2,368)**	**(6,696)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(18)	(55)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	5	313
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (R&D Refund – Capitalised Portion)	-	906
2.6	**Net cash from / (used in) investing activities**	**(13)**	**1,163**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	3,134	6,765
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(64)	(302)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**3,070**	**6,463**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	11,783	11,543
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,368)	(6,696)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(13)	1,163
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,070	6,463

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.5	Effect of movement in exchange rates on cash held	-	(1)
4.6	**Cash and cash equivalents at end of period**	**12,472**	**12,472**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	1,322	733
5.2	Call deposits	11,150	11,050
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**12,472**	**11,783**

6.	**Payments to directors of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	(201)
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Salaries, fees and superannuation of Directors of the Company.

7.	**Payments to related entities of the entity and their associates**	**Current quarter $A'000**
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

N/A.

8.	Financing facilities available *Add notes as necessary for an understanding of the position*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

N/A

9.	Estimated cash outflows for next quarter	$A'000
9.1	Exploration and evaluation	2,048
9.2	Development	-
9.3	Production	-
9.4	Staff costs	390
9.5	Administration and corporate costs	612
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**3,050**

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	See Appendix A below.			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	See Appendix A Below.			

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: ..... Date: 27 July 2017.
(Company secretary)

Print name: Peter Sherrington

Notes

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

+Rule 5.5

Appendix A – Mining Tenements Held as at 30 June 2017

Tenement reference	Project	Holder	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter	Notes
ML 26659	Nolans, NT	Arafura Rare Earths Pty Ltd	Mineral Lease	100%	100%	Application Lodged
ML 30702				100%	100%	Application Lodged
ML 30703				100%	100%	Application Lodged
ML 30704				100%	100%	Application Lodged
EMEL 30510			Extractive Mineral Exploration Licence	100%	0%	
EL 28473	Aileron–Reynolds, NT	Arafura Resources Ltd	Exploration Licence	100%	100%	
EL 28498				100%	100%	
EL 29509				100%	100%	
EL 31095				100%	100%	
EL 31096				100%	100%	
EL 31097				100%	100%	
EL 31224				100%	100%	
EL 31284				100%	100%	
EL 2971	Jervois, NT	Arafura Resources Ltd	Exploration Licence	100%	100%	Rox Resources Ltd (RXL) has acquired 51% of the base and precious metal rights, and has opted not to acquire up to 70% of the base and precious metals rights under the farm-in. A joint venture (JV) to explore and develop the base and precious metal rights will now be formed between RXL (51%) and Arafura (49%). RXL will manage the JV.