

31 January 2018

ASX Announcement

ASX: AAJ

Capital Structure

437 Shares on Issue
12M options
\$10 to 17M Market Cap

Board of Directors

Non-Executive Chairman
Paul Boyatzis

Managing Director

Peter Schwann

Non-Executive Director

Mark Elliott

Company Secretary

Phillip MacLeod

Exploration Manager

Kathryn Cutler

Active Projects

SLATE DAM GOLD
PROJECT

BEOWULF GOLD PROJECT

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QUARTERLY ACTIVITIES STATEMENT

FOR THE QUARTER ENDED 31 DECEMBER 2017

HIGHLIGHTS

- **Slate Dam Section 18 Ministerial Consent granted**
- **Slate Dam access clearing and works commenced**
- **Slate Dam drilling commenced**
- **\$770,000 capital raising completed**

Aruma Resources Limited is a West Australian focused gold exploration company, with advanced projects in the Kalgoorlie gold district. Aruma's leases, inclusive of applications, cover 750km² of which 30km² are under joint venture (Southern Gold Ltd) with the remainder wholly operated by Aruma.



Figure 1. Drilling continues at Slate Dam,

KALGOORLIE PROJECTS

The Company successfully achieved consent under Section 18 of the Aboriginal Heritage Act, which allowed activity to commence on its advanced Slate Dam project, during the quarter. This allowed both site preparation and the start of the major RC drilling program with drilling started at Slate Dam after a minor stratigraphic program at Beowulf, Figures 1 and 2.

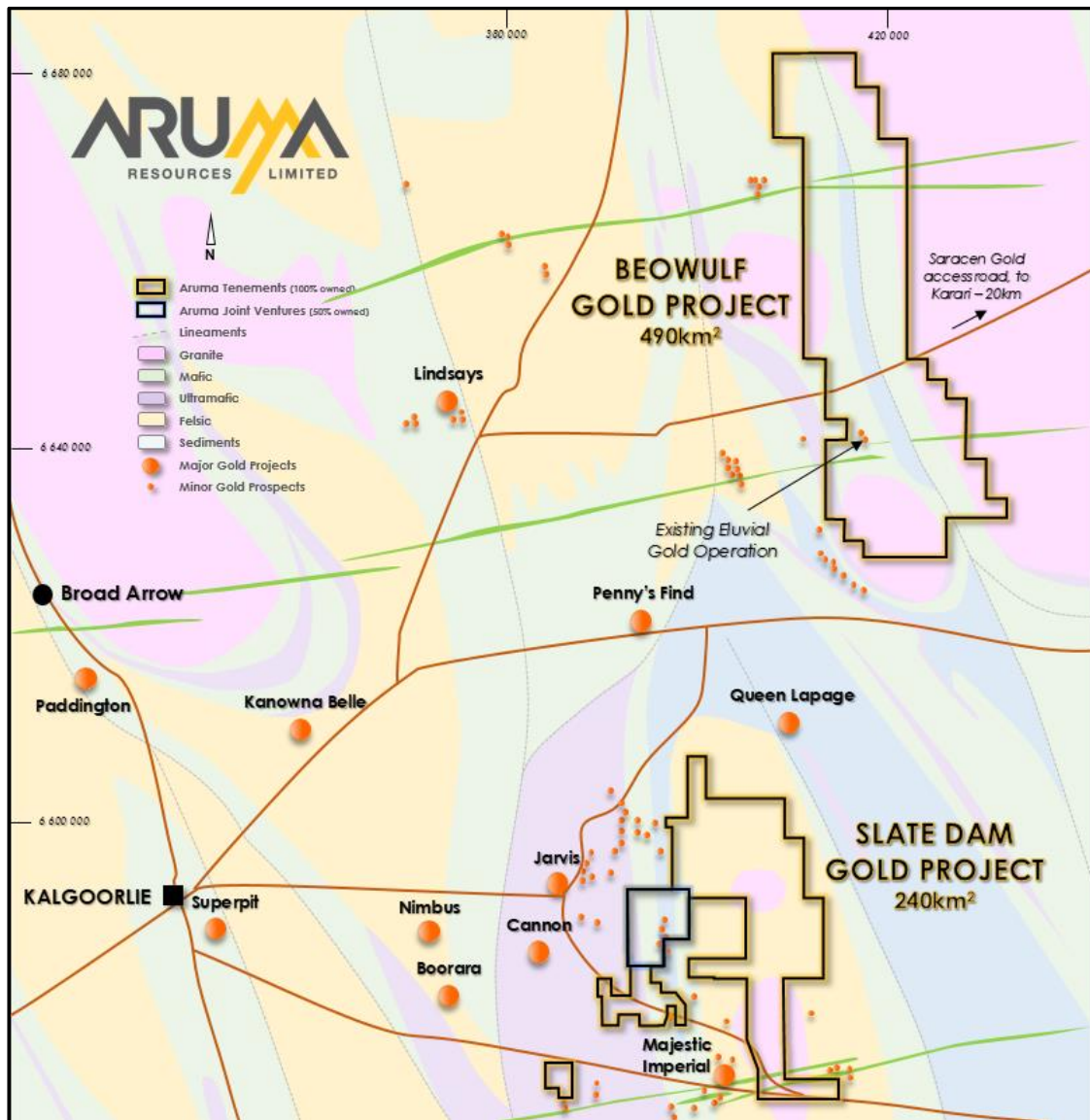


Figure 2 Aruma's Gold Projects of the Kalgoorlie District, with geological interpretation and existing gold mines of the region.

SLATE DAM GOLD PROJECT

The granted Slate Dam Project (including Mulga Dam and Juglah) comprises exploration licenses E25/553, E25/534, E25/556 and E25/558 and covers 209km² of Black Flag Group felsic sediments strategically located only 40km east of Kalgoorlie. The leases were applied for when geological evaluation of the felsic units identified similarities to the style of gold modelled in sediments at Gold Fields Ltd.'s large scale Invincible gold projects near Kambalda.

The 7km² 200ppb gold anomaly on Slate Dam (Figure 3) is indicative of this type of orebody and amply demonstrates this area to be part of a large gold system. The highly anomalous Slate Dam Project (100% AAJ) was granted a Section 18 Ministerial Consent in late-November that allowed planned access clearing and drilling to commence.

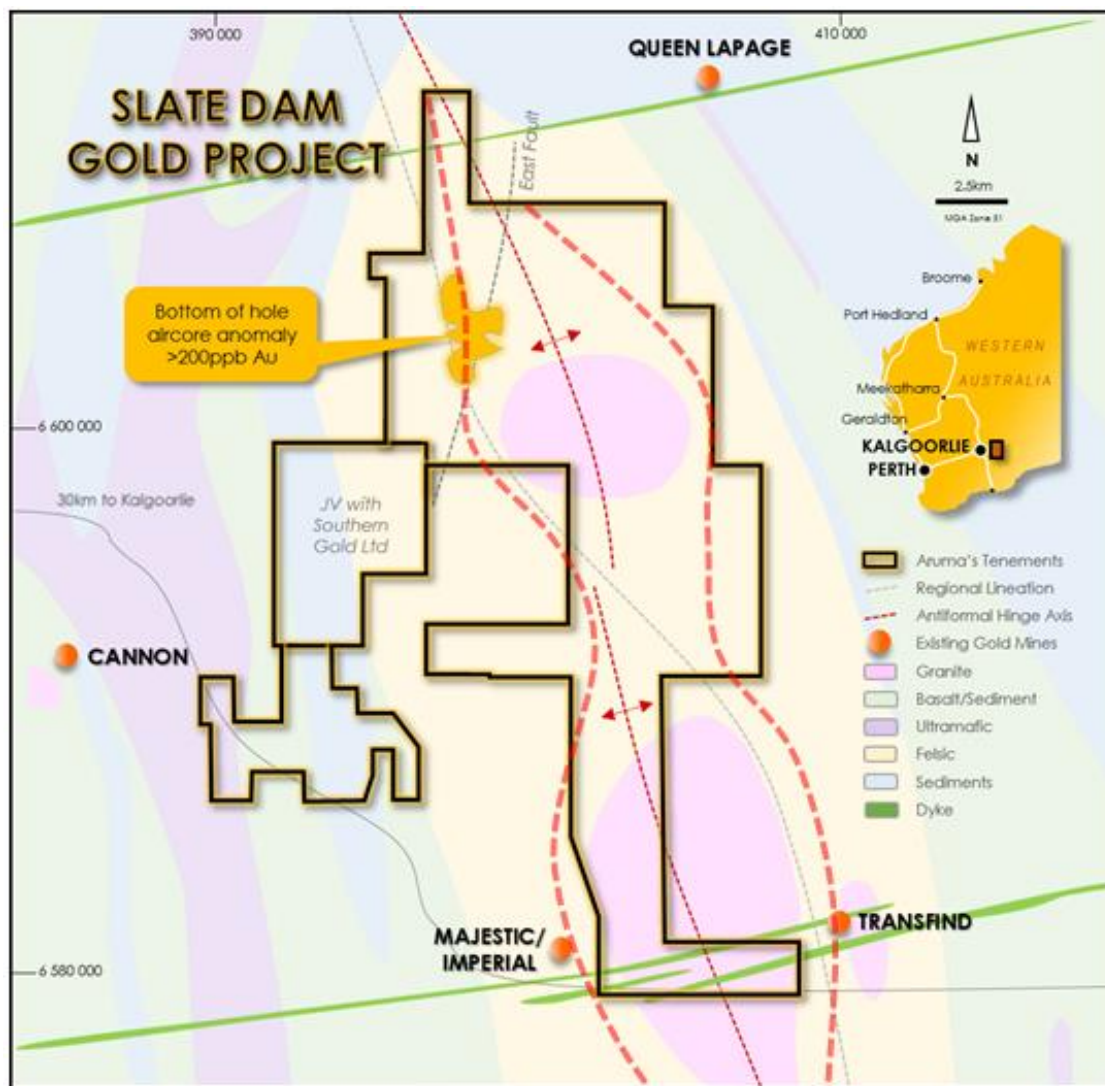


Figure 3. Slate Dam Gold Project covers a belt of prospective stratigraphy with the gold trends in red dashed line.

Historically, the use of panning and loaming was not successful due to the small (5 micron) gold particles being invisible to the naked eye. However, the presence of lake sediments precluded standard soil techniques, and the lack of outcrop has hindered exploration in previous years.

Conceptual targeting using the current and past mines, geological setting, magnetics and geochemistry identified trends around the granite domes as likely drilling targets (Figure 3).

The drilling program had completed 11 holes (of a planned 42) at the end of the quarter but no assays had been received due to a 3 to 4 week turnaround. The program will be finished at the end of January with all assays expected to be received by the end of February.

BEOWULF GOLD PROJECT

The Beowulf Gold Project (490km²) comprises four granted leases, EL28/1900, 1901, 2086 and 2087, and five Exploration Licence applications EL31/1165, E28/2706, E28/2707, E28/2713 and E28/2714, located 70km north-east of Kalgoorlie.

The 100% Aruma owned leases cover a major belt (over 55km for 490km²) of Greenfields greenstone terrane that is now known to host significant gold deposits demonstrated by the 12 years of prospecting by the previous tenement holders.

The planned Stratigraphic drilling at Beowulf was curtailed due to access and weather problems, with only 282m (of 1000m) drilled in 9 short holes. The holes identified coarse grained sediments and granite with trace gold. The prospective shale horizons were located with mapping and the balance of the drilling will be accessed and tested in the next program.

OTHER PROJECTS

The Sheela Project in the Ashburton area of the Pilbara was applied for, examined, sampled and relinquished in the Quarter. The sediments contained the stratigraphy required but were too young to contain hydrothermal gold deposits.

CORPORATE

CASH BALANCE

The Company had a Cash and Term Deposits balance at 31 December 2017 of \$1.22M. At the beginning of the quarter, the Company raised \$770,000 (before costs) in a placement to sophisticated investors with the assistance of Armada Capital & Equities and State One Stockbroking. The funds raised will be used for exploration on the advanced Slate Dam and Beowulf projects.

CONTROLLED PLACEMENT AGREEMENT

During the month of January 2018, the Company entered into a Controlled Placement Agreement (CPA) with Acuity Capital. The CPA provides Aruma with up to \$2 million of standby equity capital over the coming 24 month period. Importantly, Aruma retains full control of all aspects the placement process: having sole discretion as to whether or not to utilise the CPA, the quantum of issued shares, the minimum issue price of shares and the timing of each placement tranche (if any).

There are no requirements on Aruma to utilise the CPA and the Company may terminate the CPA at any time, without cost or penalty. Acuity Capital and the CPA do not place any restrictions at any time on Aruma raising capital through other methods. If Aruma does decide to utilise the CPA, the Company is able to set a floor price (at its sole discretion) and the final issue price will be calculated as the greater of that floor price set by Aruma and a 10% discount to a Value Weighted Average Price (VWAP) over a period of Aruma's choosing (again at the sole discretion of Aruma).

As collateral for the CPA, the Company has agreed to place 20m shares from its LR7.1 capacity, at nil consideration to Acuity Capital (Collateral Shares) but may, at any time, cancel the CPA and buy back the Collateral Shares for no consideration (subject to shareholder approval). An Appendix 3B and further details in relation to the CPA will follow shortly.

R&D

The Company has lodged an R&D Tax Incentive claim and is expecting approximately \$224,000 before costs in the March Quarter. This is 43.5% of allowable research carried out by the Company on its Hydrothermal Mineralisation in Sediments, which is the targeting techniques used at all of its projects.

Projects Summary

Table 1. Gold Project Status and Activity Table

EASTERN GOLDFIELDS	Kalgoorlie Projects	<ul style="list-style-type: none"> ▪ Glandore Gold Project - JV Continuing with Southern Gold Limited (SAU) and has commenced earning to 90% in the third year
		<ul style="list-style-type: none"> ▪ Slate Dam - 240km² ELs over anomalous areas ▪ Beowulf- 9 leases for 490km² on prime stratigraphy ▪ Goddards Dam - PoW is approved and cleared for RC drilling ▪ Clinker Hill - PoW approved for south east extensions ▪ Kopai – Two PLs (1 granted , 1 pending) along strike of Mungari

Proposed Exploration Activities for Q3 FY2018

- **Glandore** – JV continues and Stage three is underway to 90% SAU

- **Slate Dam:**
 - First Phase RC drilling to be completed
 - Soil sampling completed
 - Assays received and processed

- **Beowulf:**
 - RC drilling for stratigraphy completed
 - Assays received and processed
 - Soil sampling program started

- **Clinker Hill:**
 - Soil sampling program follow up

- **Kopai:**
 - Second lease granted
 - Soil sampling program completed and RAB drilling planned

- **Mt Deans Lithium:**
 - Lease awaiting grant

Aruma will also be appraising leases that become available in the Sediment Terranes in WA, especially where adjacent to current projects or with resources or intersections.

For further information please contact:

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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. All exploration results reported have previously been released to ASX and are available to be viewed on the Company website www.arumaresources.com.au . The Company confirms it is not aware of any new information that materially affects the information included in the original announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcements.

Forward Looking Statement

Certain statements contained in this document constitute forward looking statements. Such forward-looking statements are based on a number of estimates and assumptions made by the Company and its consultants in light of experience, current conditions and expectations of future developments which the Company believes are appropriate in the current circumstances. These estimates and assumptions while considered reasonable by the Company are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, achievements and performance of the Company to be materially different from the future results and achievements expressed or implied by such forward-looking statements. Forward looking statements include, but are not limited to, statements preceded by words such as "planned", "expected", "projected", "estimated", "may", "scheduled", "intends", "anticipates", "believes", "potential", "could", "nominal", "conceptual" and similar expressions. There can be no assurance that Aruma plans to develop exploration projects that will proceed with the current expectations. There can be no assurance that Aruma will be able to conform the presence of Mineral Resources or Ore Reserves, that any mineralisation will prove to be economic and will be successfully developed on any of Aruma's mineral properties. Investors are cautioned that forward looking information is no guarantee of future performance and accordingly, investors are cautioned not to place undue reliance on these forward-looking statements.

Aruma Resources Limited is a proud supporter and member of the Association of Mining and Exploration Companies, 2017.



Summary of tenements

Glandore	Interest at beginning of Quarter	Interest at end of Quarter
M25/327 M25/329 M25/330 P25/2073 P25/2074 P25/2075 P25/2076 P25/2103 P25/2117 P25/2118 P25/2119 P25/2154 P25/2215 P25/2216	75% Southern Gold Limited JV Southern Gold can earn up to 90%	25% Southern Gold Limited JV Southern Gold can earn up to 90%

Goddards Dam (Gold)	Interest at beginning of Quarter	Interest at end of Quarter
P25/2089 P25/2090 P25/2091 P25/2092 P25/2093 P25/2094 P25/2153 P25/2202 P25/2203 P25/2204 P25/2388 P25/2400 P25/2401 P25/2402	100% Aruma Exploration Pty Ltd	100% Aruma Exploration Pty Ltd
P25/2389	Under application by Aruma Exploration	100% Aruma Exploration Pty Ltd

Slate Dam	Interest at beginning of Quarter	Interest at end of Quarter
E25/553 E25/534	100% Aruma Exploration Pty Ltd	100% Aruma Exploration Pty Ltd
E25/556 E25/558	Under application by Aruma Exploration	100% Aruma Exploration Pty Ltd

Clinker Hill	Interest at beginning of Quarter	Interest at end of Quarter
P25/2201 P25/2319 P25/2320	100% Aruma Exploration Pty Ltd	100% Aruma Exploration Pty Ltd
E25/568	Nil	100% Aruma Exploration Pty Ltd

Beowulf	Interest at beginning of Quarter	Interest at end of Quarter
E28/1900 E28/1901 E28/2086 E28/2087	100% Aruma Exploration Pty Ltd Purchased on 2 nd October 2017	100% Aruma Exploration Pty Ltd
E28/2706 E28/2707 E28/2713 E28/2714 E31/1165	Under application by Aruma Exploration	Under application by Aruma Exploration Pty Ltd

Kopai	Interest at beginning of Quarter	Interest at end of Quarter
P15/6145	Under application by Aruma Exploration	100% Aruma Exploration Pty Ltd
P15/6146	Under application by Aruma Exploration	Under application by Aruma Exploration Pty Ltd

Hickman's Find	Interest at beginning of Quarter	Interest at end of Quarter
P25/2426 P25/2427 P25/2428	Under application by Aruma Exploration	Nil

Mt. Deans	Interest at beginning of Quarter	Interest at end of Quarter
P63/2063	Under application by Aruma Exploration	Under application by Aruma Exploration Pty Ltd

Sheela	Interest at beginning of Quarter	Interest at end of Quarter
E09/2255	Nil	Withdrawn