



CO-FUNDED DRILLING AT BULLOO DOWNS

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HIGHLIGHTS

- **Bulloo Downs**
 - **Government Co-funded exploration drilling application awarded**
 - **Co-Funding for deep drilling at Bulloo Copper project**
 - **Proposed model proven by initial diamond holes**
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Aruma Resources Limited (Aruma) (ASX:AAJ) is pleased to announce that it has again been successful in its application for the WA Governments Co-funded exploration drilling programme under the Exploration Incentive Scheme (EIS) Round 13.

The EIS grants are offered to explorers and prospectors with greenfields exploration projects within WA, with the overall goal being to assist in increasing the longevity and sustainability of the state's resource industry. Successful Co-funding applicants have 12 months to utilise funds awarded, if not utilised within that time frame the Co-funding lapses.

Aruma has secured funding for 50% of direct drilling cost of up to \$100,000. The funding can be utilised for diamond drilling at Aruma's Bulloo Downs copper Project.

The Co-funded deep diamond drill program would be designed to test up to three copper phosphorous anomalies in known mineralised structural positions defined by sampling and emissivity mapping. Two diamond drill holes drilled last year confirmed the effectiveness of the emissivity survey in identifying reduced and mineralised zones. The Copper-Phosphorous is leached from outside the target area and deposited in the reduced carbonaceous/sulphidic zone. This is accompanied with hydrothermal alteration and quartz carbonate veining. Spot values up to 0.3% phosphorous and 0.1 % Cu were detected (portable XRF) in shales in BDD01 at 351.5m down hole (300m vertical) depth.

Aruma has invested some \$2M (with some \$1M returned under the R&D Tax incentive) on the exploration of the Bulloo leases in the last three years. This has seen the definition of strong geological, geochemical and geophysical targets over an initial area of 2,900km². This work has allowed Aruma to reduce the lease area by 62% to 950km².

The culmination of this work was the drilling of two 500m diamond holes on two high ranked targets to investigate the presence of hydrothermal copper orebodies. This drilling established the presence of a Copper-Phosphorous anomaly with the hydrothermal silica carbonate garnet alteration in black shales and carbonate stratigraphy.

The Bulloo project is located in the Proterozoic Bangemall Supergroup in the Collier Basin Ilgarari Group which contains the host greywackes and shales with the adjacent siltstones to supply the copper-gold-lead-zinc seen in the various small deposits in the area. The mineralisation in the region contains the major Copper and Gold deposits of Telfer, Nifty and Paulsen's.

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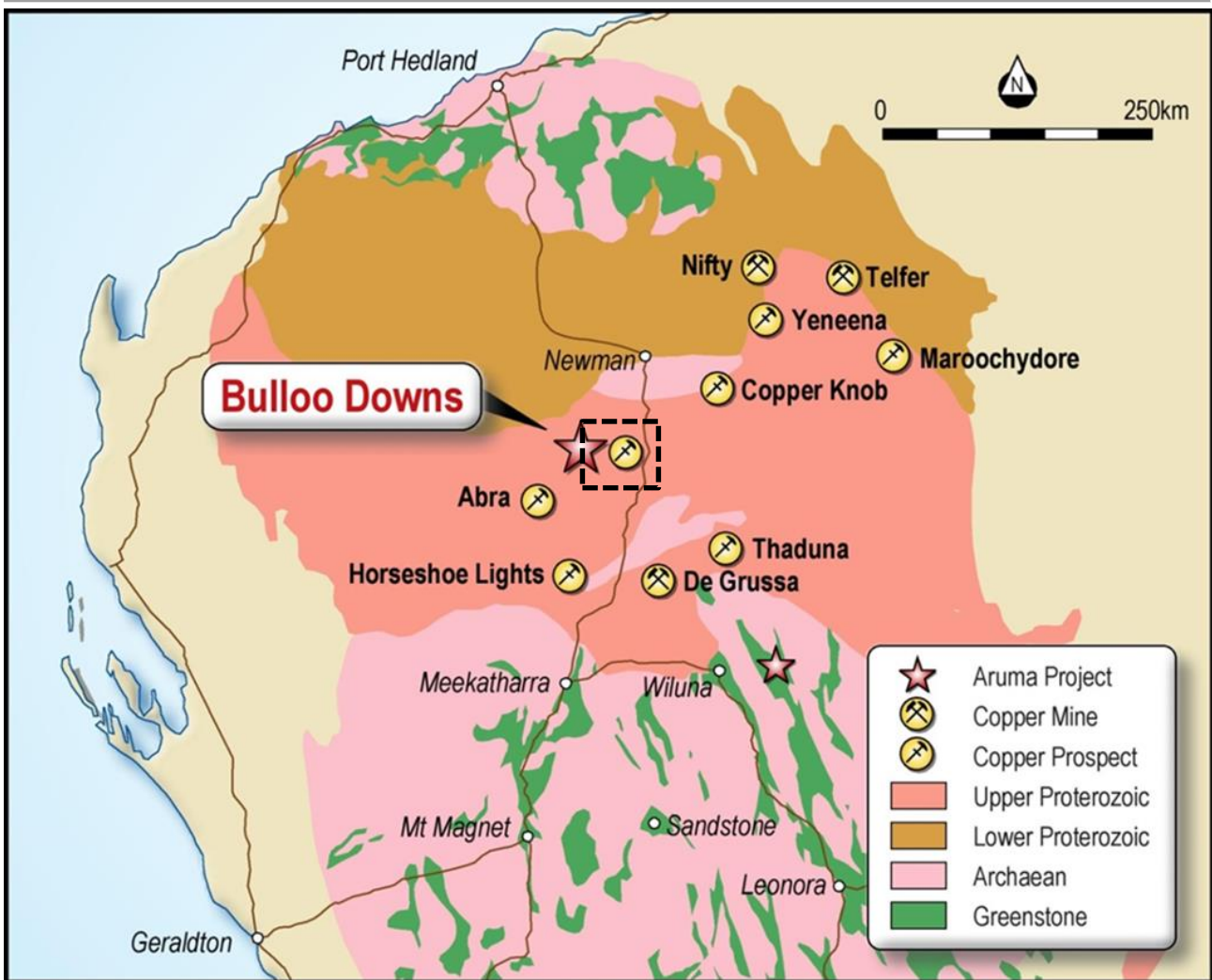


Figure 1 Location Diagram showing the deposits on stratigraphy and the Figure 2 area highlighted by Black Square.

After the Telfer gold deposit, the Nifty copper deposit is the most significant ore deposit in the Neoproterozoic in WA. The old theory was that copper was sourced from mafic volcanic rocks and deposited diagenetically in fine grained sediments. Subsequent dating and structural work has demonstrated that formed hydrothermally after the deposition of the sediments, and the ages of 650 to 750Ma are some 100Ma after deposition of the host sediments.

Bulloo Downs Copper Project Drilling

The new holes are targeting high grade copper mineralisation on strong hydrothermal structures in a block faulted locality as shown below in Figure 3. Proterozoic hydrothermal orebodies like Nifty and Telfer are dated from 650Ma to 750Ma (Miles Orogeny) in rocks of about 800Ma age. The Collier Basin has ages from 1070 to 1200Ma with reported intrusives at 1048Ma which is considered analogous.

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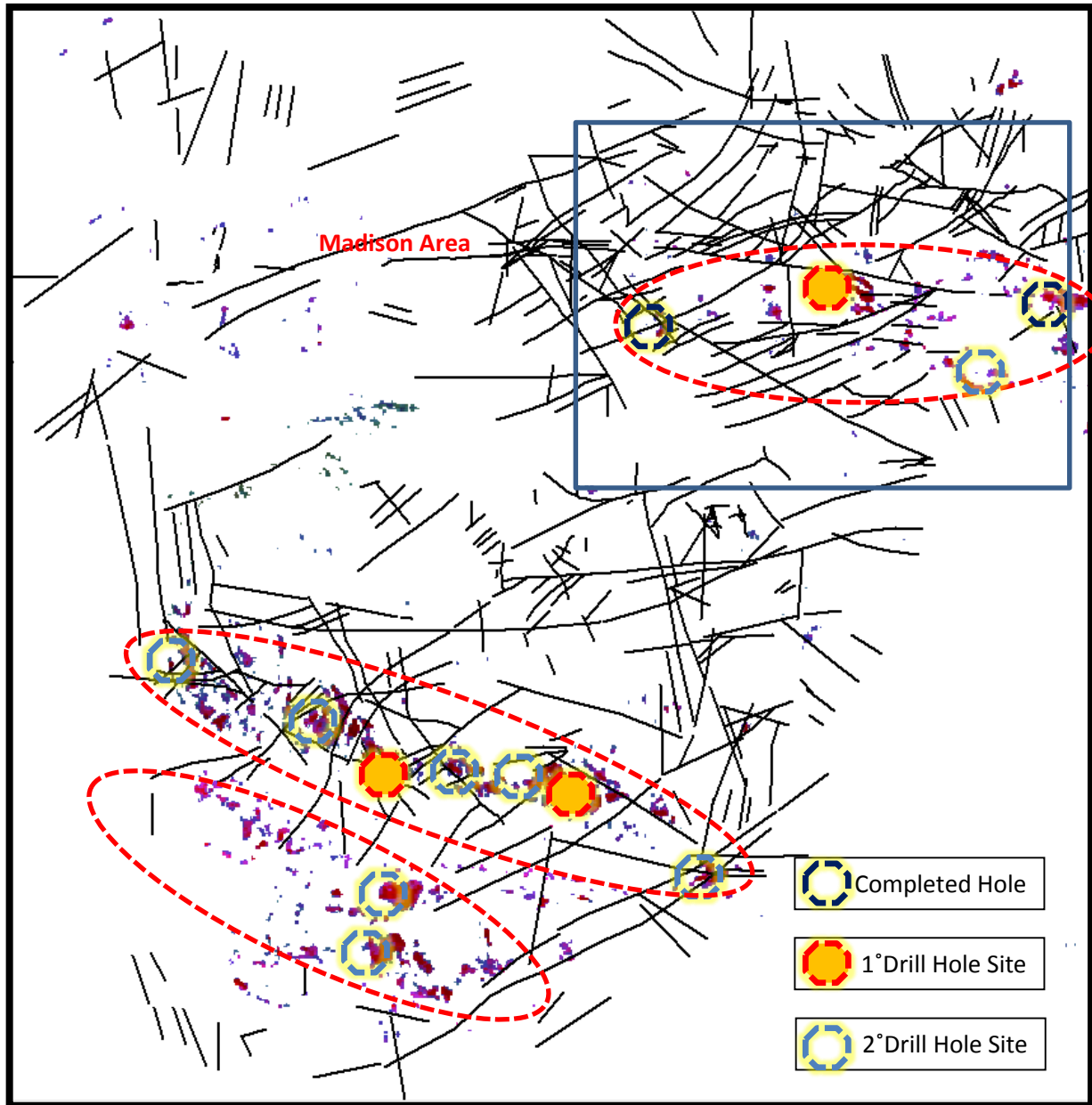


Figure 2 Likely drill hole targets on coincident Copper anomalies on HyMap structure with emissivity anomalies. Note 2 already drilled, 3 First Order targets and 8 Second Order targets. The first order targets are drilled to test for Copper mineralisation in Cu-P anomalism on structure and emissivity.

It is can be seen that the proposed northern drill hole in Figure 2 is located on a “Box structure” and anomaly which is the preferred trap for mineralisation.

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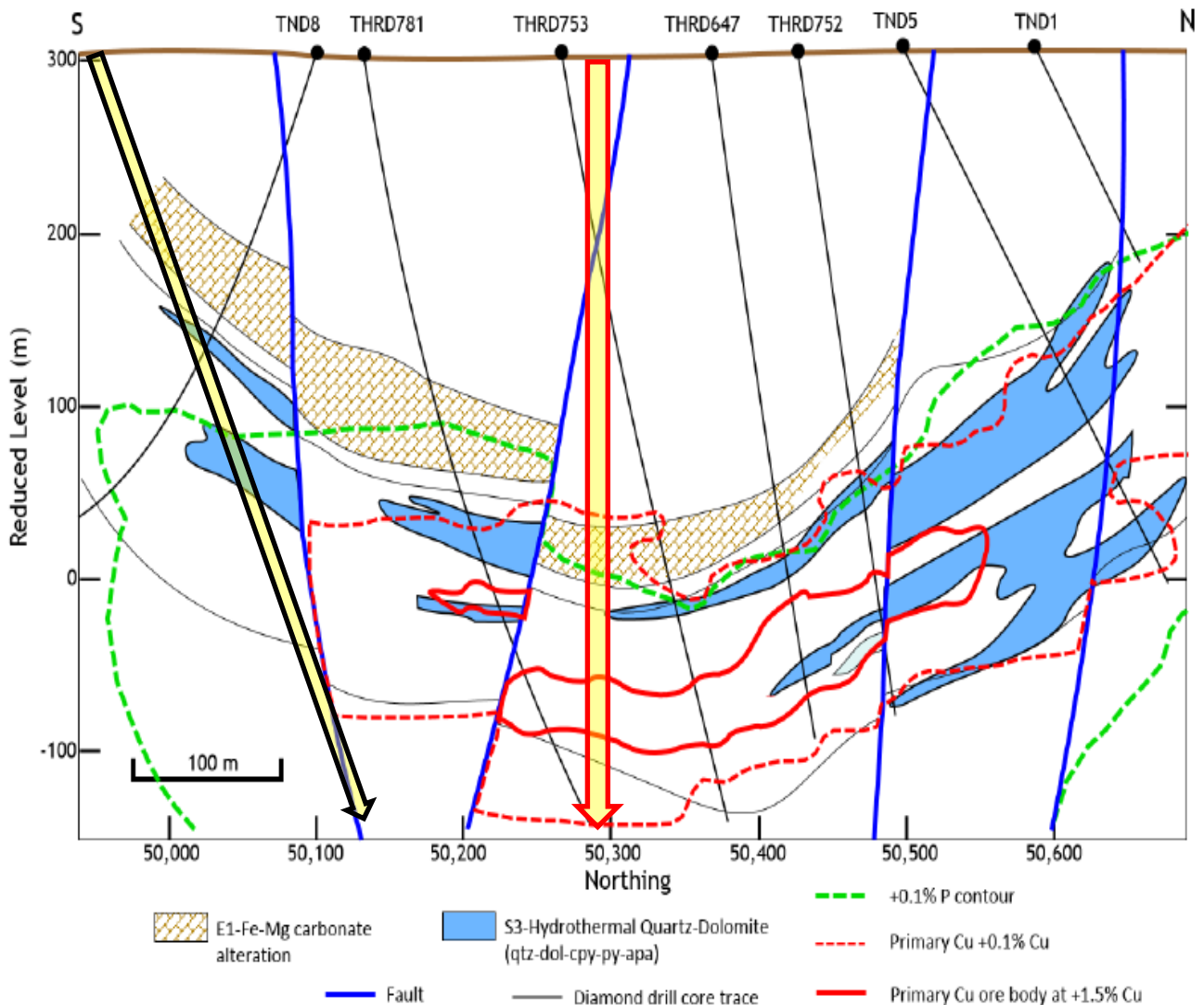


Figure 3 The “Nifty” Model (after Anderson, 1999), with the proposed drill hole represented as the red arrow above and schematically below in Figures 4 and 5 with the 2015 diamond hole BDD01 in black.

Any committed expenditure will be eligible for an R & D refund in the coming year as it is drilling based on Scientific Research and new methodology.

The use of the “Nifty Model” (Figure 3) and the Cu-P relationship halo was proven from the results of the initial diamond drill holes to establish the key indicators of Cu-P, kerogen rich (black) shales, Fe carbonates/quartz with hydrothermal alteration and replacement as well as the key copper sulphides.

Figures 4 and 5 below are the plan and section schematic of the targets in the drilling proposal with the proposed 500m diamond drill hole shown in Red.

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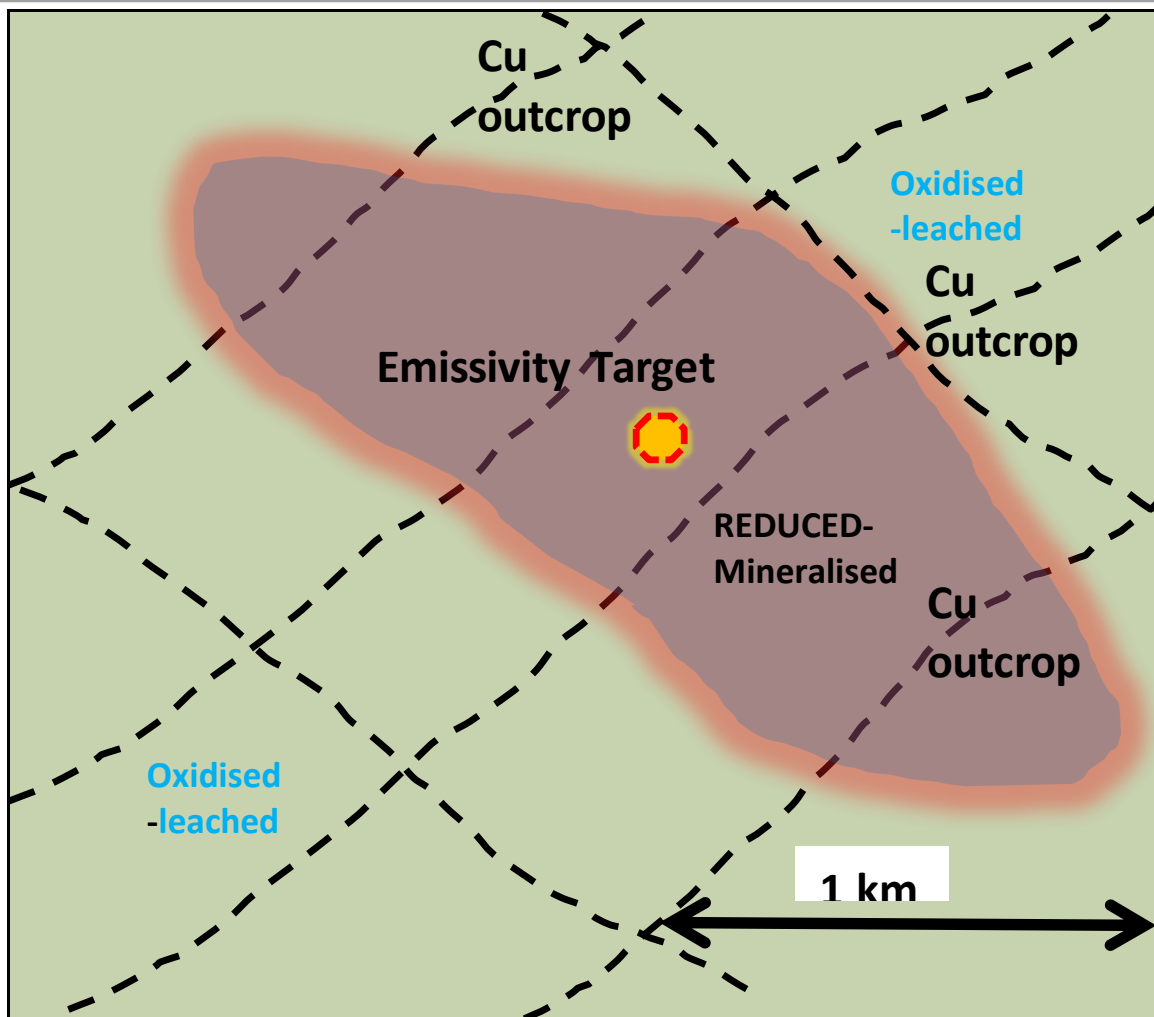


Figure 4 Schematic plan of the northern anomaly drilling showing emissivity target and the oxidised area (green) and the reduced and mineralised and carbonated shales as brown. The proposed drill hole is the orange red circle.



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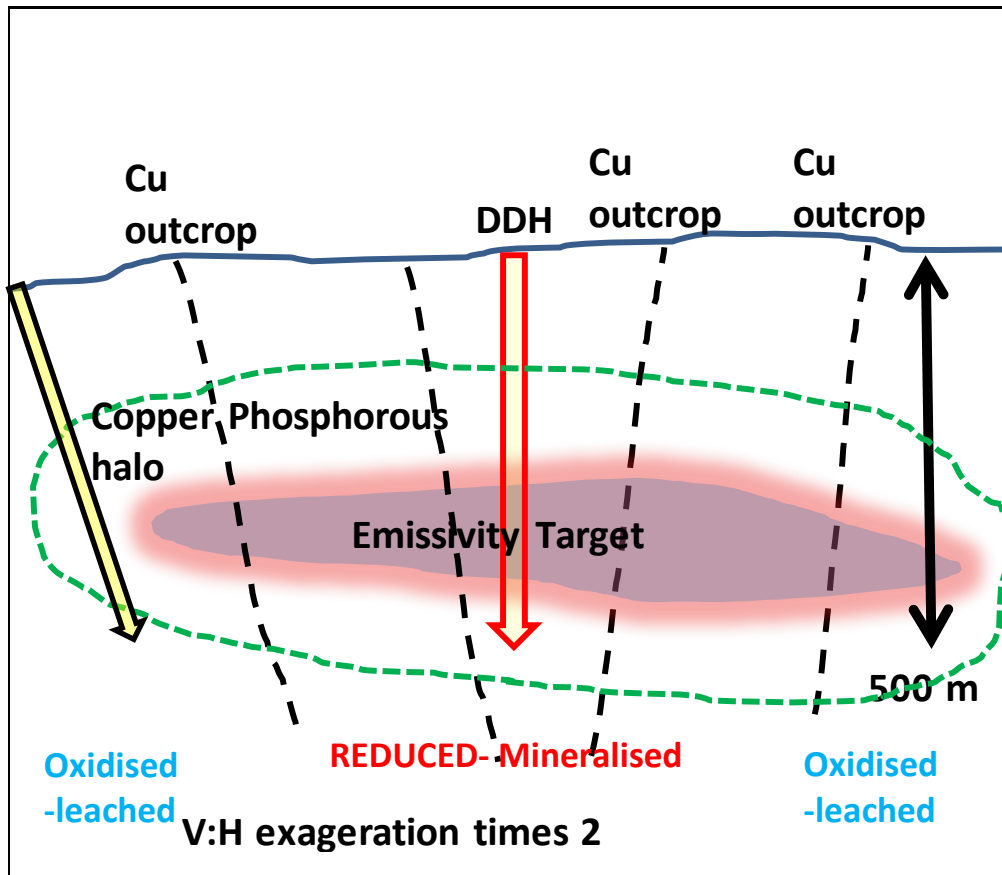


Figure 5 Schematic section of emissivity anomaly showing target and Cu-P halo with the proposed drill hole represented as the red arrow above and the 2015 diamond hole BDD01 in black. Note the emissivity showing up the reduced mineralised area.

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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 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.