

Quarterly Activities Report and Appendix 5B

For the period
ending
31 March 2016

ASX: ARU



HIGHLIGHTS

- ▲ EIS in advanced stages of completion and will be lodged with the Northern Territory Environment Protection Authority in Q2 CY 2016
- ▲ Independent Economic Impact Study demonstrates the Nolans Project will create significant direct and indirect employment and deliver an increase in real incomes in the Alice Springs region:
 - Direct employment of 375 full time equivalent during construction phase and 250 workers in steady state operation
 - Increase of \$282 million in real income over life of Nolans Project
- ▲ Memorandum of Understanding executed with OCI Company Ltd for a potential joint venture for a Rare Earth Separation Plant
- ▲ Tighter cash flow control continues to achieve significantly decreased cash expenditure
- ▲ Cash balance at end of reporting period \$13.5 million

NOLANS PROJECT

REGULATORY APPROVALS – ENVIRONMENTAL IMPACT STATEMENT STUDIES

The preparation of the Nolans Project Environmental Impact Statement (“EIS”) is now in the advanced stages of completion and is expected to be lodged with Northern Territory Environment Protection Authority (“EPA”) in Q2 CY 2016. The EIS covers all risks and impacts associated with the Central Australian-domiciled components of the Project including mining, processing, groundwater extraction, power generation, waste management, transport and accommodation.

The EIS is a comprehensive document and has been prepared by the Company with the assistance of a number of advisors including:

- GHD - lead advisor;
- JRHC Enterprises - Environmental and Public Radiation Technical Report;
- Radiation Advice and Solutions - Occupational and Environmental Radiation Measurements and Predictions;
- ATC Williams - Tailings Storage Facilities; and
- ACIL Allen - Economic Impact.

+ See chapter 19 for defined terms.

The Project is being assessed under a bilateral agreement that exists between the Australian and Northern Territory governments under the Environment Protection and Biodiversity Conservation Act (Australian Government) and the Environment Assessment Act (Northern Territory Government). The purpose of the EIS is to assess and address potential environmental Project risks. The EIS process ensures the potential impacts and risks posed by the Project are properly examined by the Company, and that all stakeholders have the appropriate information to enable them to consider the environmental impact of the Project. On submission to the EPA the EIS will be made available for public review and comment for a period of eight weeks.

COMMUNITY AND STAKEHOLDER ENGAGEMENT

During the quarter the Company continued to provide detailed project updates to Northern Territory Government co-ordination groups and local business groups in Alice Springs. These activities will escalate in Q2 CY 2016 to coincide with the lodgement of the EIS. The Company has in place an extensive stakeholder engagement process dating as far back as 2007 when the Nolans Project was first announced. More recently a comprehensive consultation and communication strategy was implemented to ensure stakeholder issues and feedback were being addressed in the EIS. The information collated during the consultation process has been utilised in the social impact assessment and social impact management plan contained in the EIS.

Since the announcement of the Nolans Project the Company has utilised a number of different forums to engage and consult with key stakeholders. These include:

- 189 stakeholder meetings;
- 36 dedicated stakeholder social impact assessment interviews;
- Meetings with relevant government departments, agencies and regulators;
- Presentations to industry and business groups in Darwin and Alice Springs;
- Site visits with key stakeholders, including traditional owners of the region;
- Attendance at local events and community open days; and
- Community meetings.

Community consultation and engagement is continuing and provides stakeholder groups with ongoing opportunities to input into Project considerations.

ECONOMIC AND SOCIAL IMPACTS

The Company commissioned and received during the period a Social Impact Assessment report (Michels Warren Munday) and Economic Assessment report (ACIL Allen) to analyse the social and economic impact of the Nolans Project. Both reports are critical in addressing the potential social and economic impacts relating to the activities of the

Nolans Project. The reports also highlight the significant economic impacts and opportunities the Nolans Project will provide to the local economy.

In Central Australia the local economy is dominated by Alice Springs, this being the region's largest population centre. The region's economy is built on government services, mining and energy resources, tourism and the pastoral industry. The Northern Territory Government estimates that \$552 million is generated by the region's mining and energy industry each year (mainly from gold and gas production), with the pastoral industry adding a further \$65 million per annum. However, these industries account for only 3 per cent of direct employment in the region.

In the more immediate area surrounding the Nolans Project, the population is scattered and comprises mainly of indigenous communities such as Laramba and Alyuen. The economy here is very limited and there are few employment opportunities. There are just under 650 people who are employed in this area with around two thirds of these employed in government services-related industries, and less than 1 per cent are employed in mining and construction. The unemployment rate is estimated to be almost 22 per cent.

Over the three years of construction of the Project, there will be capital expenditure of \$1.19 billion of which the Economic Impact Assessment estimates that around \$866 million will be spent in Australia.

The expenditure in the construction and operation of the Nolans Project will generate stimulus to the Gross Product of the region, the Northern Territory and Australia in the form of the direct expenditure during construction and operations and also the indirect stimulus to expenditure that this creates. The impact on Alice Springs regional Gross Product is significant. Over the life of the Project, the Nolans Project will generate an average of \$284 million each year to the Gross Regional Product for Alice Springs. For the same period the Gross Domestic Product of Australia will rise at an average of \$342 million per year.

Real Income is a measure of the ability to purchase goods and services. A rise in Real Income indicates an increase in the capacity for current consumption and the ability to accumulate wealth. The Nolans Project is expected to create an increase in real income in the Northern Territory of \$717 million over the life of the Project including an increase \$282 million in the Alice Springs region. The ability of residents of the region to purchase goods and services and to accumulate wealth will rise significantly over the life of the Project. This is a significant positive contribution in an area which has a limited economy based primarily on the delivery of government services to the surrounding population.



Job Creation

The Project is expected to create direct employment of 375 full time equivalent (“FTE”) workers over the three-year construction period. In addition to direct employment the Project will create indirect employment of 675 fulltime equivalent job years during the construction phase.

In steady state operation, the project will employ 250 workers. Indirect employment of around 4,185 full time equivalent job years are expected over the life of the Project which amounts to an average of 223 full time equivalent job years per annum. Most of the job creation would occur in the rest of Australia. This is because of the redistribution of profits and taxes from the Project are expected to be spread proportionately based on population size in each region of Australia.

There will be significant impacts in the region where an estimated 420 full time equivalent job years will be created over the life of the Project. This is equivalent to an average of 18 full time equivalent job years per annum or 1.6 per cent of the current number of unemployed people in the region.

The Project represents an opportunity for indigenous and non-indigenous people from the region to obtain work experience in the mining and minerals processing industry in which few people are currently employed.

New Business Opportunities

The Nolans Project will provide additional demand for existing goods and services in the region from the direct expenditure by the Project and the indirect expenditure as a result of the increased wealth in the region. Arafura has conservatively estimated that the Nolans Project will include expenditure in the region of \$71 million in construction and \$18 million per annum in steady state operations.

This increase in demand for goods and services may assist in attracting further businesses to the region. The focus for regional development is likely to be the town of Alice Springs, however there is potential for smaller towns and communities, such as Ti Tree and Laramba, to benefit.

Health and Wellbeing

The Project has the potential to result in reduced substance abuse, and increased health and wellbeing outcomes in indigenous communities and in Alice Springs, due to employment and training opportunities and access to higher wages.

The development of the Nolans Project and Arafura’s other exploration activities are significant to the regional economy in Central Australia which is dominated by government services. The ongoing development of exploration and mining activities for Nolans has the potential to diversify and significantly improve the regional economy.



RARE EARTH EXTRACTION PROGRAM

The Company continues to investigate further rare earth (“RE”) extraction process improvements through some modest but highly targeted Australia-based testwork programs. Programs are primarily aimed at optimising the flowsheet, however some effort is also focused on examining the use of alternate reagents. The objective of the alternate reagent programs is to achieve lower operating costs, assist with a reduction in the residue storage requirements at the Nolans site and as a consequence reduce the Project’s environmental impact. Related to these objectives are also some programs to examine the opportunity to benefit from the production of merchantable quality by products that currently report to waste streams.

Through careful use of internal resources, selective use of locally based laboratory resources and referencing back to its comprehensive data base from previous testwork, the Company has managed to complete these programs using only modest financial resources. Notwithstanding the prudent use of resources these programs have yielded good outcomes which will assist with making the Project more robust from both a technical and financial perspective.

CHINA-BASED TEST PROGRAMS

All China-based beneficiation testwork, reports and datasets have been received, and all current work with these organisations has been closed out.

There has been ongoing discussion with Beijing-based institutes for their continued participation in RE extraction flowsheet development and piloting. The Company will continue to explore these opportunities but has also achieved good results from its Australian-based programs as discussed above. The ability to review testwork completed for some of the China-based programs and the inability to verify liquor and solid samples from this testwork has created some practical issues for the Company. These issues include limited opportunity for the Company to verify results and quantify the benefits of the potential flowsheet improvements being proposed. It is not immediately apparent there is an obvious fit with the Beijing-based institutes for the ongoing RE extraction test programs. The Company continues to engage directly with the China-based institutes on these matters whilst concurrently continuing with its Australian-based RE extraction programs.

The decrease in the scope of work being completed with the China-based institutes has resulted in reduced interaction between the Company and Shenghe Resources Holding CO. LTD. (“Shenghe”). In addition the short term uncertainty in the RE market as it emerges from the removal of the Chinese tariffs and quotas has also led to reduced engagement between the Company and Shenghe. The MOU entered into by the Company and Shenghe (ASX:ARU 10/09/2015) is no longer current. The collaborative



initiatives contemplated in the MOU are not presently being pursued by the Company with Shenghe.

ENGINEERING

Engineering work during the period has been minimal and efforts have primarily focussed on a strategic review of the flowsheet which has in turn led to an increased emphasis on modest but targeted RE extraction programs (see above).

Engineering work planned for the balance of the year will include the incorporation of the capital expenditure (CAPEX) and operating expenditure (OPEX) efficiencies identified through the optimisation programs. Additionally plant layouts will continue to be reviewed to develop a better understanding of discipline costs for steel, piping and electrical. It is expected this may improve the current CAPEX estimate which has relied on factored estimates for these disciplines. In order to minimise the potential for rework by external engineering consultants it has been resolved to defer the CAPEX review so the impacts of the optimisation and updated discipline costs can be assessed as part of the same work program.

MOU WITH OCI

The Company and OCI Company Ltd (“OCI”) of South Korea executed an MOU in January (ASX: ARU 07/01/2016) to facilitate collaboration for the establishment of a jointly operated RE Separation Plant. Since the execution of the MOU, Company and OCI representatives have formed a project team which is now working to finalise a site feasibility report for the South Korean site option and to formalise the commercial arrangements for the joint venture processing facility.



EXPLORATION

AILERON – REYNOLDS (Rare Earths)

Portable XRF analysis of mineralised and waste rock types, and environmental radiation studies for; airborne and ground gamma surveys, TLD gamma surveys, radon, thoron, soil and biogeochemical uptake, and modelled dust have all been completed. The data collected from this analysis has enabled the Company to characterise and predictably model un-mineralised waste rocks for the proposed Nolans mining operation. This has also enabled the Company to better understand and describe the short- and long-term risks associated with placement of material into waste rock dumps. This data and related analysis is a key input to the Nolans Project EIS.

The Company has recently lodged four Exploration Licence applications (see appendix 4). These applications form part of the Company's ongoing strategic review of its exploration activities, targeting areas it considers to be prospective for RE elements for the Aileron-Reynolds Project. The Northern Territory Department of Mines and Energy review process for the potential granting of the Exploration Licences is expected to be completed in Q2 CY 2016

JERVOIS (Base and Precious Metals; Iron-Vanadium)

Rox Resources Ltd (ASX: RXL, or "Rox") holds a 51 per cent interest in the base and precious metal rights on EL 29701, and has elected to earn 70 per cent by spending an additional \$1 million on the tenement by December 2016. Upcoming activities by Rox on EL 29701 include surface mapping and ground geophysics in advance of further drilling at the Bonya Mine prospect.

MT PORTER – FRANCES CREEK (Gold)

Ark Mines Ltd (ASX:AHK, or "Ark") currently holds a 40 per cent interest in the Mining Farm-in and Joint Venture Agreement with Arafura over the Mt Porter and Frances Creek gold tenements. Ark has elected to earn a further 30 per cent interest in the tenements and gold rights by agreeing to spend the greater of \$1.6 million or the aggregate amount necessary to satisfy tenement conditions, on or before 14 July 2017.

During the period Ark announced (ASX: AHK 18/02/16) that it had further extended outcropping of gold-bearing vein systems at Frances Creek. Some of these may constitute RC drill targets for future programs.

In March Ark (ASX: AHK 17/03/16) reported that it had lodged the Mt Porter Gold Project Mining Management Plan with the Northern Territory Department of Mines and Energy. In April Ark announced (ASX: AHK 18/04/16) it secured funds required to finalise preparations for the commencement of mining at Mt Porter.



CORPORATE

STRATEGY AND OUTLOOK

RARE EARTHS MARKET UPDATE

The China export market data indicates 4,000 tonnes of RE products were exported in January, nearly double the volume exported in the same period last year. Lanthanum exports made up 1,300 tonnes of the total volume. Despite the increase in China RE export volumes prices continued a stable pattern over the course of the March quarter indicating much of the increase in export volumes is being sourced from stockpiled materials. Concerns over an economic slowdown in particular for China means price increases in the short term are unlikely at least until there is some evidence of a reduction in sales from stockpiles, and perhaps also the Chinese Government crackdown impacting on illegal RE production.

Current prices indicate the RE market is still being impacted by the overhang of stockpiles and the buy side expectation of a build-up of selling pressure. Producers have reacted and in late 2015 six of China's largest rare earth producers all announced production volume reductions ranging from 5 per cent to 12 per cent of their 2015 production quotas. In addition the Chinese government has also announced an economic plan to curb production capacity from so-called zombie companies in the minerals and metal sectors. Zombie companies are inefficient loss making state owned enterprises that continue to operate by virtue of ongoing access to credit from the state owned banks.

The reduction in production from the big six producers, the focus on closing down zombie companies and the cash cost pressures for remaining producers is driving down new supply. Strong growth across a number of key applications, in particular clean energy, should result in higher demand for some but not all REs. Some industry analysts are of the view RE prices may begin to improve in the second half of 2016.

CLEAN ENERGY

In China development of new energy vehicles is a recently adopted key strategic goal to encourage local car producers to be more competitive abroad and produce positive energy and emission outcomes at home. Recently, it was announced that the Chinese government's State Council will commit to power battery technology, with special government investment for power distribution networks, battery charging facilities installed in residential districts and at businesses and airports. Beijing has committed to a target of half of all new public transport vehicles purchased by the central government and specified local governments being new energy vehicles.



This recent announcement is wholly aligned with the Chinese energy development plan for the next five years. Other emission reduction objectives include reducing the weight of vehicles and increased wind power generation capacity. These and other initiatives underway in China will drive long term growth for RE magnets of which neodymium and praseodymium (“NdPr”) are key raw materials. A key strategic advantage of the Nolans Project is the weighting of NdPr in the deposit, accounting for 26.5 per cent. Coupled with this is the location of the Project in a low sovereign risk jurisdiction – the Northern Territory – that has been recognised as a highly competitive destination for mining investment. These factors have become increasingly important, particularly as structural changes take place in China and market participants look to diversify their RE supply sources.

PROJECT FOCUS

Over the past two years the Company has worked diligently to target efficiencies and process improvements that have delivered significant OPEX and CAPEX savings for the Nolans Project. Whilst continuing to improve on these initiatives the Company is also in the process of advancing the environmental approvals for the Nolans Rare Earth Project. The lodgement of the EIS document is on track for submission in Q2 CY2016 and is a significant and critical Project milestone. The Company with the assistance of a number of external advisors has prepared a very professional and expansive EIS document. Advancement of the process for assessment and regulatory approvals is on the critical pathway to feasibility completion for final project funding.

Whilst the short term outlook for the resources sector remains volatile and project financing will continue to present challenges for new projects the Company continues to work at ensuring it is investor ready. The medium and long term outlook for NdPr is particularly positive. NdPr will account for 75 per cent of Project revenue and are projected to have robust growth of 10 per cent annually over the next decade. Advancement of the clean energy initiatives in the automotive and renewable energy sectors drives the demand for NdPr as a critical raw material for permanent magnets. The work the Company has done to target Project efficiencies and advance the regulatory approvals process means it is well positioned to capitalise on the positive medium- to long-term fundamentals for NdPr.

CORPORATE

CASH FLOW AND CASH POSITION

During the quarter the Company reduced its cash expenditure to \$1,728,000, compared to the previous quarter's expenditure of \$1,752,000 and the rolling 12 month average of \$2,310,000 per quarter. These savings were achieved through the prudent management of Project spending and lower Administration expenditure which was \$691,000 for the quarter compared with the 12 month average of \$893,000 per quarter. Exploration and Evaluation payments were \$1,138,000 for the quarter compared with the 12 month average of \$1,513,000 per quarter. Table 3 below sets out the key cash flow metrics for the last four quarters and the 2015 financial year and shows average net cash movement per calendar month (after adjustment for the R&D rebate) has decreased from \$948,000 for the 2015 financial to year to \$576,000 in the March quarter. Notwithstanding these savings and the resulting reduced resources, the Company continues to make significant progress with material CAPEX reductions and continues to advance the EIS workstream. Whilst the Company expects to maintain the trend of reduced administrative expenditure in the June Quarter, payments for Exploration and Evaluation activities are likely to increase slightly on a quarter by quarter basis primarily as a result of the Company closing out its EIS program.

With \$13.5 million cash on hand as at 31 March 2016, the Company remains in a strong financial position and continues to be well funded for near-term activities that will advance the development of the Nolans RE Project.

Table 3: Cash Flow Metrics FY 2015/16 and quarterly data (\$A'000)

	FY 2015	FY 2015 Quart Avg.	Jun-15	Sep-15	Dec-15	Mar-16	Rolling 12 Months	
							Quart Avg.	PCM Avg.
Key Operating Activities								
Exploration & Evaluation	- 7,810	- 1,953	- 1,746	- 2,022	- 1,146	- 1,138	- 1,513	- 504
Administration	- 4,403	- 1,101	- 1,008	- 1,160	- 714	- 691	- 893	- 298
Analysis of Net Cash								
Net Increase (Decrease) in Cash	- 7,948	- 1,987	815	- 3,144	1,240	- 1,254	- 586	- 195
(less) R&D Rebate	3,431	858	3,431	-	2,992	474	1,724	575
Net Cash Excluding R&D	- 11,379	- 2,845	- 2,616	- 3,144	- 1,752	- 1,728	- 2,310	- 770
Net Cash PCM	- 948	- 948	- 872	- 1,048	- 584	- 576	- 770	-

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/01, 01/06/10.

Name of entity

ARAFURA RESOURCES LIMITED

ABN

22 080 933 455

Quarter ended ("current quarter")

31 March 2016

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	-	-
1.2	Payments for (a) exploration & evaluation	(1,138)	(4,281)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(691)	(2,566)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	76	278
1.5	Interest and other costs of finance paid	-	(4)
1.6	Income taxes paid (R&D Incentive – non capitalised)	59	951
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(1,694)	(5,622)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(1)	(1)
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 (R&D Incentive - capitalised)	416	2,516
1.13	Other	25	(51)
Net investing cash flows		440	2,464
1.13	Total operating and investing cash flows (carried forward)	(1,254)	(3,158)



1.14	Total operating and investing cash flows (brought forward)	(1,254)	(3,158)
Cash flows related to financing activities			
1.15	Proceeds from issues of shares, options, etc.	-	-
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other – Capital Raising Expenses	-	-
Net financing cash flows		-	-

Net increase (decrease) in cash held		(1,254)	(3,158)
1.21	Cash at beginning of quarter/year to date	14,725	16,615
1.22	Exchange rate adjustments to item 1.20	(1)	13
1.23	Cash at end of quarter	13,470	13,470

Payments to directors of the entity and associates of the directors

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

		Current Quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	(216)
1.25	Aggregate amount of loans to the parties included in item 1.10	Nil

1.26 Explanation necessary for an understanding of the transactions

Salaries, fees and superannuation of Directors to the Company

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

Nil

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	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,405
4.2 Development	-
4.3 Production	-
4.4 Administration	696
Total	2,101

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	1,070	1,575
5.2 Deposits at call	12,400	13,150
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	13,470	14,725

Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed		
	Interests in mining 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)	Amount paid up per security (see note 3)
7.1	Preference securities <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	441,270,644	441,270,644		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options	5,700,000 3,495,000 3,000,000	- - -	<i>Exercise price</i> \$0.14 \$0.105 \$0.105	<i>Expiry date</i> 18-07-16 30-09-18 20-11-18
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures <i>(totals only)</i>	-	-		
7.12	Unsecured notes <i>(totals only)</i>	-	-		

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 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Date: 28 April 2016

Print name: Peter Sherrington
(Company Secretary)

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 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 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, 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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Appendix A – Mining Tenements Held As At 31 March 2016

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				100%	100%	Extractive Mineral Exploration Licence
EL 28473 EL 28498 EL 29509 EL 24741 EL 30160	Aileron–Reynolds, NT	Arafura Resources Ltd	Exploration Licence	100%	100%	
EL 31095				100%	100%	Application lodged
EL 31096				100%	100%	Application lodged
EL 31097				100%	100%	Application lodged
EL 31224				100%	100%	Application lodged
EL 29701	Jervois, NT	Arafura Resources Ltd	Exploration Licence	100%	100%	Rox Resources Ltd (RXL) has acquired 51% of the base and precious metal rights. RXL has a right to acquire up to 70% of the base and precious metals rights.



Tenement reference	Project	Holder	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter	Notes
EL 10137 ML 24727 ML 27228 ML 25087 ML 25088 ML 25529 ML 27225 ML 27226 ML 27230	Frances Creek, NT	Territory Resources Ltd	Gold Rights	100%	60%	Ark Mines Ltd (AHK) has acquired 40% of the gold rights. AHK has the right to acquire up to 70% of the gold rights. Applications Lodged for ML 27226 & ML 27230 AHK has acquired 40% of the gold rights. AHK has the right to acquire up to 70% of the gold rights. Application Lodged for ML 29930
Gold Rights			100%	60%		
Gold Rights			100%	60%		
Gold Rights			100%	60%		
Gold Rights			100%	60%		
Gold Rights			100%	60%		
Gold Rights			100%	60%		
Gold Rights			100%	60%		
Gold Rights			100%	60%		
ML 27227 ML 27229 ML 29930 MA 389	Frances Creek Pty Ltd	Frances Creek Pty Ltd	Gold Rights	100%	60%	
Gold Rights			100%	60%		
Gold Rights			100%	60%		
Gold Rights			100%	60%		
ELR 116 ML 23839 EL 23237	Mt Porter, NT	Arafura Resources Ltd	Exploration Licence in Retention	100%	100%	AHK has acquired 40% of all mineral rights on the tenements. AHK has the right to acquire up to 70% of all mineral rights on the tenements. AHK has an immediate right to mine ML 23839 subject to regulatory approvals.
Mineral Lease			100%	100%		
Exploration Licence			100%	100%		