

Quarterly Activities Report and Appendix 5B

For the period
ending
31 December 2015

ASX: ARU



HIGHLIGHTS

- ▲ Memorandum of Understanding signed with South Korean chemical manufacturer, OCI Company Ltd, over the RE Separation Plant
- ▲ Further de-risking of Nolans with capital expenditure reduced by a further 21% (A\$299 million)
- ▲ Substantial increase in mineral resources for Nolans Project following remodelling work
- ▲ Total contained rare earths in higher confidence Measured and Indicated Resources at Nolans Bore now approaching one million tonnes (up 38%)
- ▲ Tax refund of A\$3.0 million received in December for eligible R&D expenditure and a further refund of \$454,000 received in January for eligible R&D overseas expenditure
- ▲ Cash balance at end of reporting period A\$14.7 million

NOLANS PROJECT

MOU SIGNED OVER RARE EARTHS SEPARATION PLANT

The Company has recently agreed and signed a Memorandum of Understanding (“MOU”) with South Korean chemical manufacturer OCI Company Ltd (“OCI”), with a view to establishing an Arafura and OCI Joint Venture for a Rare Earth (“RE”) Separation Plant in South Korea.

Korea Exchange-listed OCI is headquartered in Seoul, South Korea, with operations in the USA, China and Europe. OCI’s core business is chemical manufacturing, and it has an extensive product portfolio for the manufacture and sale of inorganic, petro and coal chemicals, fine chemicals and renewable energy.

Under the agreement, the companies will examine and negotiate proposals for:

- The supply by OCI of reagents for the Nolans Project and in particular to the RE Separation Plant;
- OCI to provide assistance to Arafura to access infrastructure and critical services for the operation of the RE Separation Plant;
- Research & Development collaboration and RE separation piloting;

+ See chapter 19 for defined terms.

- Establishing a business model whereby the parties will jointly fund the establishment of the Rare Earth Separation Plant and toll process Nolans mixed RE intermediate or carbonate product;
- Investment opportunities for OCI into the RE Separation Plant; and
- An equity investment by OCI in Arafura itself.

OCI has a number of established chemical facilities including the Gunsan manufacturing plant, which is located some 200 kilometres south of Seoul near the Saemangeum Free Economic Zone (“SFEZ”). There are significant operational and financial benefits in co-locating the proposed JV RE Separation Plant near Gunsan and in the SFEZ, which includes state support, local government cash grants and central government subsidies. These incentives along with OCI’s potential participation as a JV partner for the toll processing RE Separation Plant will significantly aid the financing, construction and operation of the proposed facility.

Arafura has previously stated its intention to develop a RE Separation Plant within an established offshore chemical precinct. The Company has identified and shortlisted a number of sites with suitable road, rail, port and related infrastructure. Significant drivers for this strategy include access to raw materials, in particular hydrochloric acid, which obviates the need to construct a dedicated chlor-alkali facility, and leveraging existing infrastructure in an established chemical and manufacturing precinct, thereby reducing the overall capital expenditure of the Nolans Project.

ENGINEERING – SIGNIFICANT REDUCTION IN NOLANS CAPEX

An independent engineering analysis of the Nolans Project was completed during the quarter, with the analysis identifying substantial capital expenditure (“CAPEX”) savings in the Project’s development.

The total initial CAPEX for the Nolans Project is now estimated at A\$1,193 million (or US\$835 million at A\$1 = US\$0.70) inclusive of 20% contingency but excluding deferred capital. It comprises direct costs of A\$764 million at the Nolans Site in Australia and A\$95 million at the offshore RE Separation Plant.

The new CAPEX figure represents savings of A\$299 million (or 21%) from the June 2015 estimate, and savings of A\$719 million or 38% from April 2013 when Arafura commenced initiatives to improve the viability and fundability of the Nolans Project (Figure 1).

Figure 1: Nolans Project CAPEX Reduction



Table 1 and Figure 2 show the CAPEX broken down by plant area. Figure 3 provides insight into the areas where savings have been realised.

Table 1: Total Capital Cost Estimate Summary

Project Area	Estimated CAPEX A\$m
Mine & Concentrator	137
RE Intermediate Plant	435
RE Separation Plant	95
Transport & Logistics	5
Infrastructure & Ancillaries	187
Indirect Costs	335
TOTAL	1,193

Figure 2: Nolans Project Capital Costs by Expenditure Type and Plant Area

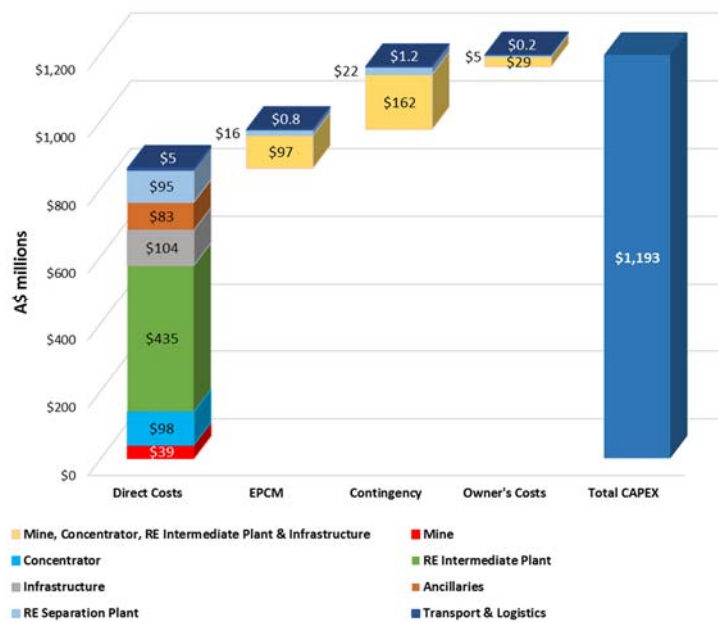
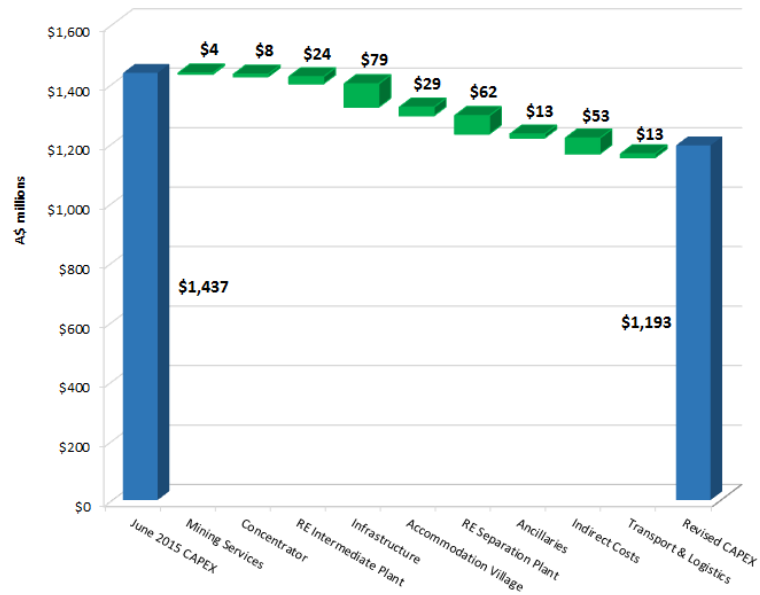


Figure 3: Details of CAPEX savings identified from June 2015 estimate



RE Intermediate Plant pre-production costs of A\$41 million are not shown in the above chart.

Capital estimates for both the Australia domiciled and offshore plant areas were generated by independent engineering consultants Lycopodium Minerals Pty Ltd. Battery Limits Pty Ltd completed an independent analysis of previous CAPEX estimates to identify key areas to target savings along with additional analysis and review by tailings dam specialist consultants ATC Williams Pty Ltd and Orway Mineral Consultants on comminution circuit selection and sizing.

There is potential for further CAPEX cost savings as not all of the optimisation opportunities identified in the Company’s RE extraction program (ASX: ARU 27/10/15) have been factored into the revised estimates. Additionally, due to longer lead times required for investigation, not all of the CAPEX reduction opportunities identified in the independent CAPEX review have been adopted at this stage.

Additionally, the initial CAPEX investment for the establishment of Nolans may be further reduced through ongoing value engineering. CAPEX savings from these initiatives are currently estimated to be A\$30 million, potentially further reducing the initial Project CAPEX to A\$1,163 million.

RARE EARTH EXTRACTION PROGRAM

During the period the Company also completed some modest RE extraction test programs to follow up on opportunities identified during the report writing phase for the earlier programs. The Company’s primary Project focus has been on engineering activities for the completion of the Nolans Project revised CAPEX estimate (as outlined above).

REGULATORY APPROVALS – ENVIRONMENTAL IMPACT STATEMENT STUDIES

Considerable resources continue to be focussed on environmental work programs and the Company remains on target to lodge the Nolans Environmental Impact Statement (“EIS”) with the Northern Territory Environment Protection Authority (“EPA”) in Q1 CY2016. Key work programs for the quarter included:

- Consolidation of the Company’s groundwater monitoring data and continuation of groundwater modelling;
- Completion of waste rock and residue characterisation work. This program also assisted with a recent Mineral Resource upgrade for the Nolans Bore deposit (see Exploration); and
- EIS report writing was significantly advanced during the period and also included a number of risk management workshops to assess the key Project risks from an environment, safety and community perspective. All risks identified are manageable using standard operational controls.

In December the Northern Territory Department of Mines and Energy (“DME”) advertised a “Notice of Proposed Grant of Mineral Lease” for three of the Company’s Mineral Lease (“ML”) applications (MLs 30702, 30703 and 30704). These MLs are for the proposed locations of the RE Intermediate Plant, process residue storage facilities, evaporation ponds and accommodation village (Figure 4). The MLs are all located on land over which the Company holds existing and valid title (ELs 28498 and 29509) under the Mineral Titles Act. Objections and submissions in relation to the proposed grant of these MLs will be received by the DME for a 45 day period commencing from the date of advertising.

Figure 4: Arafura’s mineral tenure over the Nolans Site including mineral leases (ML – pale blue) and exploration licences (EL – grey)



COMMUNITY AND STAKEHOLDER ENGAGEMENT

During the period the Company hosted a Nolans Site visit for the board of the EPA. It is hoped the site visit ahead of the formal submission of the EIS will assist with the supplemental phase of the approval process.

During November, Company representatives also met with the Central Desert Regional Council in Alice Springs and attended the Australian Government's invitation-only Northern Australia Investment Forum in Darwin.

EXPLORATION

INCREASE IN NOLANS MINERAL RESOURCES

Arafura advised of a significant increase in Mineral Resources for the Nolans Bore deposit during the reporting period, substantially increasing the economics and feasibility of the Nolans Project.

Total Mineral Resources at Nolans Bore are now estimated to be 56 million tonnes @ 2.6% total rare earth oxides ("TREO"). These have been classified into Measured, Indicated and Inferred Mineral Resources in Table 2 using a 1% TREO cut-off grade ("COG"). The contained (in-situ) resources of rare earths are also shown in Table 2, and a graphical comparison with the previous estimate reported in 2014 (ASX: ARU 09/12/14) is shown in Figure 5.

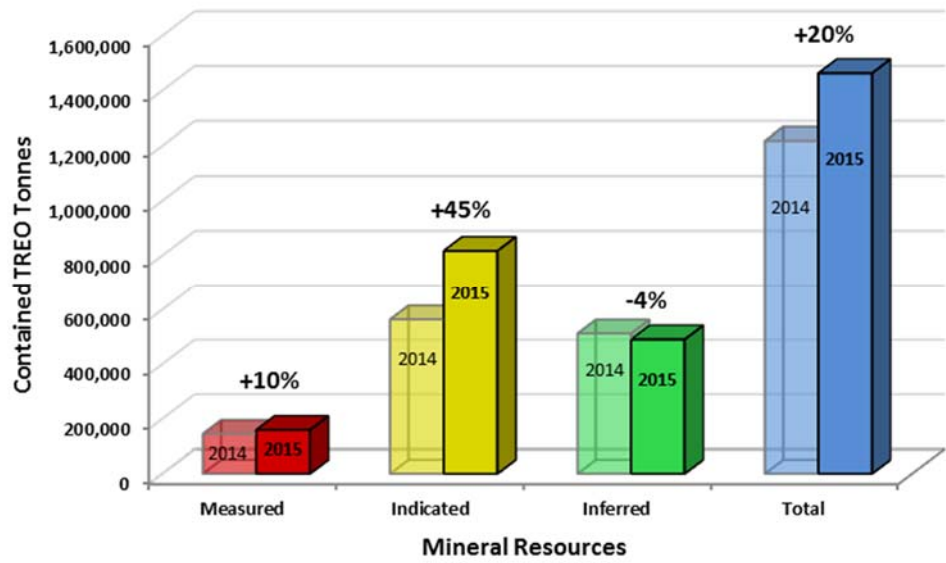
Table 2: Statement of Nolans Bore Mineral Resources at 30 October 2015 using a 1% TREO COG

RESOURCES	TONNES million	RARE EARTHS TREO %	TONNES TREO	PHOSPHATE P ₂ O ₅ %	URANIUM U ₃ O ₈ lb/t
Measured	4.9	3.2	158,000	13	0.54
Indicated	30	2.7	816,000	12	0.44
Inferred	21	2.3	489,000	10	0.36
TOTAL	56	2.6	1,462,000	12	0.42

Numbers may not compute exactly due to rounding. 1 lb/t U₃O₈ = 0.0454% U₃O₈.



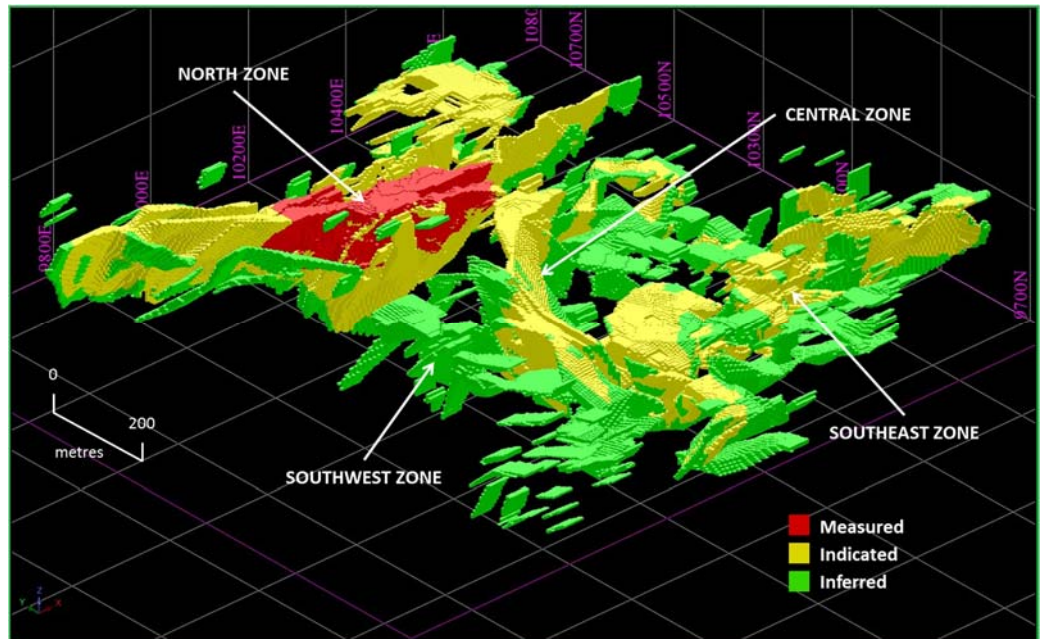
Figure 5: Comparison between current (2015) and previous (2014) estimates (1% TREO COG)



Both the current and previous resource estimates have been reported and classified in accordance with the guidelines of the 2012 edition of the JORC Code.

Higher confidence Measured and Indicated Resources now account for two-thirds, or 974,000 tonnes, of the Nolans Project’s total contained TREO. Their spatial distribution (using a 1% TREO COG) is shown in Figure 6 below, and this highlights the coherent nature of the substantially larger inventory of Indicated Mineral Resources across the North, Central and Southeast zones of the deposit.

Figure 6: Distribution of Measured, Indicated and Inferred Resources at Nolans Bore



The impetus for this resource update was the necessity to characterise the Project's life-of-mine waste rocks, including their radioactivity, which is a key component of the Nolans EIS studies that are nearing completion. This comprehensive review by Arafura's geologists led to the development of a new and improved geological model for mineralisation at Nolans Bore, which has been adopted for this estimate. No additional drilling has occurred on the Project since the 2014 estimate.

JERVOIS (Base and Precious Metals; Iron-Vanadium)

Rox Resources Ltd (ASX: RXL, or "Rox") reported multiple intercepts of copper sulphide mineralisation in RC drilling at the Bonya Mine prospect on EL 29701 during December (ASX: RXL 21/12/15). The best result was 6 metres @ 2.6% Cu from 140 metres down hole in BYRC020. Rox anticipates undertaking surface mapping and ground geophysics in advance of further drilling at the Bonya Mine prospect.

Elsewhere at the new Green Gully prospect (located approximately 4 kilometres north of the Bonya Mine prospect) Rox drilled three RC holes to test the down dip extent of surface copper oxide mineralisation. Two of the holes located 75 metres apart encountered low grade copper mineralisation over several metres, including an interval of 2 metres @ 3.2% Cu from 29 metres down hole in GGRC001.

Rox holds a 51% interest in the base and precious metal rights on EL 29701, and has elected to earn 70% by spending an additional A\$1 million on the tenement by December 2016.

MT PORTER – FRANCES CREEK (Gold)

During the quarter, Ark Mines Ltd (ASX: AHK, or "Ark") elected to earn a further 30% interest in the Mining Farmin and Joint Venture Agreement with Arafura over the Mt Porter and Frances Creek gold tenements, following the completion by Ark of its first earning obligations. Ark currently holds a 40% interest in the tenements and has elected to increase this to 70% by extending the earning period and agreeing to spend the greater of A\$1.6 million or the aggregate amount necessary to satisfy tenement conditions, on or before 14 July 2017.



CORPORATE

STRATEGY AND OUTLOOK

RARE EARTHS MARKET UPDATE

The RE market is cautiously beginning to emerge from the volatility and uncertainty that has surrounded it over the past few years. The structural shift on the supply side is starting to settle, with nine months having passed since dominant RE producer, China, implemented a number of significant policy changes, including abolishing rare earths tariffs and quotas, and implemented a new rare earths licensing structure. China has also commenced the process of consolidating its many RE producers into six hubs, with each centre controlled by a state-owned enterprise. These changes are designed to curb illegal RE activity and to rationalise the numerous RE producers that emerged as a consequence of unsustainably high RE price rises in 2011.

Increasingly the RE sector is being referred to its individual REs rather than being grouped altogether, or split into the 'heavy' and 'light' REs. These terms are no longer applicable as pricing of each RE element is beginning to differentiate from the other as the end use, and the subsequent demand and pricing, of each RE is starting to be recognised.

The prices for neodymium (Nd) and praseodymium (Pr) have stabilised over the past two months. While price stability is positive, price increases for NdPr are required for a sustainable production environment. Overall negative sentiment for China's growth and volatility in its equity markets will mean price increases in the near-term are unlikely. In the medium to longer term the Company remains optimistic for sustainable increases in NdPr prices. These elements are just under 65% of the value of the RE market and are projected to have robust annual growth of 10 per cent over the next decade because a large part of NdPr's use is as a critical raw material input for high-performance permanent magnets. These magnets are primarily used in the automotive, renewable energy and consumer electronics industries.

A boost to confidence has also emerged from the recent 2015 United Nations Climate Change Conference in Paris, where an historic agreement was reached between nearly 200 jurisdictions attending, including Australia, to actively reduce carbon emissions from 2020. In addition, the Australian Government has lifted a ban on wind farm investment. While these announcements were made very recently, it signals a major turning point in the climate change discussions and activities, particularly towards renewable energy and its place in helping to reduce emissions.

It is early days, but this is a positive outcome for the RE market, particularly for NdPr where around 400-600kg of RE permanent magnets are used in the construction of a direct drive wind turbine.



One of the cornerstones of the Nolans Project is its portion of NdPr in the deposit, accounting for 26.5%. Coupled with this is the location of the Project in a low sovereign risk jurisdiction – the Northern Territory – that has been recognised as a competitive destination for mining investment. Along with security of supply, these factors have become increasingly important, particularly as structural changes take place in China and market participants look to lock in RE sources from safe jurisdictions outside of that country.

PROJECT FOCUS

The further reduction in the capital expenditure of the Nolans Project resulting from the independent engineering analysis has provided Arafura with a unique opportunity to consider viable alternatives more suited to a challenging resources environment. Access to capital continues to be tight and as such, the Company is considering a staged output scenario for the Nolans Project. A detailed examination of the independent engineering analysis remains ongoing, and Arafura will provide an update on the outcomes of the examination in due course.

In parallel to this, the Company continues to target further savings in the operating and capital expenditures of Nolans, and identify efficiencies in the extraction and processing of REs. Arafura will focus on converting the MOU with OCI into a firm agreement with the goal of providing cost benefits for the RE Separation Plant.

In addition, Arafura will continue to progress work and related reports required for the lodgement of the EIS, which is well advanced. The Company is targeting a submission date of the EIS report to the Northern Territory EPA in Q1 of CY2016.

CORPORATE

ANNUAL GENERAL MEETING

The Company held its Annual General Meeting (“AGM”) in Perth on 19 November 2015. All resolutions were passed at the AGM and there was a reaffirmation of support for the Company from major shareholder, East China Mineral Exploration and Development Bureau (“ECE”).

RESEARCH AND DEVELOPMENT REBATE BOOSTS CASH POSITION

During the period the Company received a tax rebate of A\$3.0 million for eligible research and development (“R&D”) expenditure incurred in the development of the Nolans Project. In January the Company also received an additional tax rebate of \$454,000 for eligible R&D overseas expenditure. The ongoing support by the Australian Government in the form of the R&D Tax Incentive program brings the total cash receipts for the Company from the rebate incentive scheme to A\$33.0 million.



Arafura continues to strengthen the economic and technical foundations that will ensure its long-term success. The Company has made substantial progress this quarter de-risking the Nolans Project through significant reductions in the Project's CAPEX. Moreover, following the increase in Mineral Resources at Nolans Bore, the project economics have increased substantially.

Arafura is well positioned to capitalise on the strong medium to long-term fundamentals of NdPr with global demand for RE magnets forecast to grow at 10% per annum between 2015 and 2020.

CASH FLOW AND CASH POSITION

During the quarter the Company reduced its average monthly cash expenditure to \$584,000 per month, a significant reduction when compared to the previous quarter of \$1,048,000 per month and the 12 month average of \$852,000 per month. These savings were achieved through the September 2015 organisational restructuring and prudent management of Project spending. Administration expense for the quarter was \$714,000 compared with the 12 month average of \$973,000 per quarter and Exploration and Evaluation expense was \$1,122,000 for the quarter compared with the 12 month average of \$1,665,000 per quarter. Table 3 below sets out the key cash flow metrics for the last four quarters and the 2015 financial year. Notwithstanding these savings and the resulting reduced resources, the Company has made significant progress with material CAPEX reductions and continues to progress the EIS workstream. Exploration and Evaluation expenditure is forecast to increase in Q1 CY2016 as workflow intensifies with EIS studies, however expenditure will be significantly below the Company's rolling 12 month average trend.

With A\$14.7 million cash on hand as at 31 December 2015, 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 and quarterly data

	FY 2015	FY 2015	Mar-15	Jun-15	Sep-15	Dec-15	Rolling 12 Months	
		Quart Avg.					Quart Avg.	PCM Avg.
Key Operating Activities								
Exploration & Evaluation	- 7,810	- 1,953	- 1,769	- 1,746	- 2,022	- 1,122	- 1,665	- 555
Administration	- 4,403	- 1,101	- 1,008	- 1,008	- 1,160	- 714	- 973	- 324
Analysis of Net Cash								
Net Increase (Decrease) in Cash	- 7,948	- 1,987	- 2,711	815	- 3,144	1,240	- 950	- 317
(less) R&D Rebate	3,431	858	-	3,431	-	2,992	1,606	535
Net Cash Excluding R&D	- 11,379	- 2,845	- 2,711	- 2,616	- 3,144	- 1,752	- 2,556	- 852
Net Cash PCM	- 948	- 948	- 904	- 872	- 1,048	- 584	- 852	

Nameplate Production – CAPEX Estimates

The CAPEX estimates in this document are based on a nameplate production target of 20,000 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 (ASX: ARU 30/10/15) 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, is shown in Table 2. Contained (in-situ) resources of rare earths are also shown.

Competent Persons Statement

The information in this report that relates to 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. 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.

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 December 2015

Consolidated statement of cash flows

		Current Quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(1,122)	(3,143)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(714)	(1,875)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	86	201
1.5	Interest and other costs of finance paid	(2)	(3)
1.6	Income taxes paid (R&D Incentive – non capitalised)	892	892
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(860)	(3,928)
Cash flows related to investing activities		(860)	(3,928)
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
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)	2,100	2,100
1.13	Other	-	(76)
Net investing cash flows		2,100	2,024
1.13	Total operating and investing cash flows (carried forward)	1,240	(1,904)



1.14	Total operating and investing cash flows (brought forward)	1,240	(1,904)
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		1,240	(1,904)
1.21	Cash at beginning of quarter/year to date	13,486	16,615
1.22	Exchange rate adjustments to item 1.20	(1)	14
1.23	Cash at end of quarter	14,725	14,725

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	(190)
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	(1,063)
4.2 Development	-
4.3 Production	-
4.4 Administration	(746)
Total	(1,809)

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	1,575	2,086
5.2 Deposits at call	13,150	11,400
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	14,725	13,486

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		See Appendix A		
		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	1,340,000	-	<i>Exercise price</i> \$0.23	<i>Expiry date</i> 31-12-15
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 January 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 December 2015

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 28498 EL 28473 EL 29509 EL 27337 EL 24741 EL 30160	Aileron–Reynolds, NT	Arafura Resources Ltd	Exploration Licence	100%	100%	Surrendered
EL 31095				100%	100%	
EL 31096				100%	100%	
EL 31097				100%	100%	
EL 24548	Aileron–Reynolds, NT	Arafura Resources Ltd	Exploration Licence	100%	Nil	Surrendered
		Arafura Iron Pty Ltd	Iron rights	100%	Nil	



Tenement reference	Project	Holder	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter	Notes
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.
EL 10137	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.
ML 24727			Gold Rights	100%	60%	
ML 27228			Gold Rights	100%	60%	
ML 25087			Gold Rights	100%	60%	
ML 25088			Gold Rights	100%	60%	
ML 25529			Gold Rights	100%	60%	
ML 27225			Gold Rights	100%	60%	
ML 27226		Gold Rights	100%	60%		
ML 27230		Gold Rights	100%	60%		
ML 27227		Frances Creek Pty Ltd		Gold Rights	100%	60%
ML 27229	Gold Rights			100%	60%	
ML 29930	Gold Rights			100%	60%	
MA 389	Gold Rights			100%	60%	



Tenement reference	Project	Holder	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter	Notes
ELR 116	Mt Porter, NT	Arafura Resources Ltd	Exploration Licence in Retention	100%	100%	<p>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.</p> <p>AHK has an immediate right to mine ML 23839 subject to regulatory approvals.</p>
ML 23839			Mineral Lease	100%	100%	
EL 23237			Exploration Licence	100%	100%	